

India - Japan Relations

India Japan Relations UPSC – Japan and India are partners in peace, with a common interest in and complementary responsibility for promoting the security, stability and prosperity of Asia as well as in advancing international peace and equitable development. At the beginning of the 21st century, Japan and India resolved to take their bilateral relationship to a qualitatively new level. The foundation for this was laid when Mr. Yoshiro Mori, Prime Minister of Japan and Shri Atal Behari Vajpayee, Prime Minister of India agreed during the landmark visit of Mr. Mori to India in August 2000 to establish the “Global Partnership in the 21st Century”.

India-Japan Relations

- Today, India and Japan share a global vision of peace, stability and shared prosperity, based on sustainable development. Shared democratic values and commitment to human rights, pluralism, open society, and the rule of law underpin the global partnership between the two countries.
- The global partnership between India and Japan reflects a broad convergence of their long-term political, economic and strategic interests, aspirations, objectives and concerns.
- Japan and India view each other as partners that have responsibility for, and are capable of, responding to global and regional challenges in keeping with their global partnership. A strong, prosperous and dynamic India is, therefore, in the interest of Japan and vice versa.
- In the above context and in view of the current international situation, it was decided to reinforce the strategic focus of the global partnership between Japan and India. It was agreed during the visit of Prime Minister Junichiro Koizumi in 2005 that the two countries would further strengthen their cooperation and pursue an all round and comprehensive development of bilateral relations, with a particular and urgent focus on strengthening economic ties, through full utilization of the existing and potential complementarities in their economies.
- It was decided that both countries would strive to develop closer dialogue and collaboration to secure peace, stability and prosperity in Asia, promote democracy and development, and explore a new architecture for closer regional cooperation in Asia.
- It was also agreed that the two countries would strengthen cooperation in diverse areas such as environment, energy, disarmament, nonproliferation and security, taking advantage of, and further building on, their strategic convergences.
- The dynamic growth of this relationship is reflected in the number of high level ministerial and parliamentary exchanges that have been taking place at regular intervals. There is a parallel process of business and industry in both countries taking note of the opportunities which has led to a sharp increase in exchange of business delegations.

India – Japan Economic Ties

- The year 2012 marked the 60th anniversary of the establishment of diplomatic relations between India and Japan and witnessed steady progress in bilateral relations.
- The 1st India-Japan Ministerial-level Economic Dialogue was held at New Delhi on 30 April 2012. Economic interaction is the fundamental driver of the India- Japan relationship. India continues to be the largest recipient of Japanese Official Development Assistance (ODA). Disbursement of ODA in FY 2011-12 reached a record high of Yen 139.22 billion (approx. Rs 8497 crores). This is being utilized in several important projects across India, largely in infrastructure projects such as Metro rail projects in different metropolitan cities.

- Japan also announced ODA loans totalling Yen 184.81 billion (approx. Rs 11,000 crores) to two projects, namely the Dedicated Freight Corridor Western Project Phase II and the Chennai Metro Rail Project.
- The Special Economic Partnership Initiative (SEPI) was one of the important outcomes of the visit of the Prime Minister to Japan in December 2006. The main elements of SEPI include Dedicated Freight Corridor-West (DFC-W) project, Delhi- Mumbai Industrial Corridor (DMIC) project, setting up of multi-product special economic zones/cluster, free trade and warehousing zones at select locations, and encouraging investment by Japanese companies in India, including through assistance in development of infrastructure relating to SEZs and industrial estates, etc.
- The flagship India-Japan infrastructure projects made steady progress in 2012. The Dedicated Freight Corridor (West) between Mumbai and Delhi is on track for completion in 2017, during the current Plan Period. The Delhi Mumbai Industrial Corridor (DMIC) Project has moved ahead with the Cabinet approving a 26% equity stake in the Special Purpose Vehicle DMIC Development Corporation (DMICDC) by the Japan Bank for International Cooperation (JBIC) on 23 August 2012.
- The relaxation of capital regulations and controls that the Japanese side had requested in 2011 regarding the DMIC Project have been largely accepted and implemented.

India Japan – Major Initiatives

- A Social Security Agreement (SSA) was signed with Japan in Tokyo on 16 November 2012, as provided for in the bilateral CEPA. On the same day, a Memorandum on Cooperation in the Rare Earths Industry in India was also signed.
- A bilateral swap agreement between the Reserve Bank of India (RBI) and Bank of Japan (BoJ) was signed on 4 December 2012 in Mumbai which enhanced the swap amount from US\$ 3 billion in the earlier Agreement of June 2008 to US\$ 15 billion.
- Political and security cooperation as mandated by the Action Plan of 2009 witnessed steady progress in 2012. The 2nd India-Japan 2+2 Dialogue between the Foreign and Defence Secretaries of India and their Japanese interlocutors was held at Tokyo in October 2012.
- The 1st India-Japan bilateral naval exercise took place as scheduled in June 2012 for which a flotilla of 4 Indian naval ships visited Japan.
- The 2nd Army-to-Army Staff Talks were held in Tokyo in April 2012 and the Navy-to- Navy Staff Talks in Tokyo in November 2012. Regular cooperation between Coast Guards continued under the framework of the MoU on bilateral cooperation signed in 2006.
- A new Cyber Security Dialogue was held at Tokyo on 5 November 2012, while a newly established Maritime Dialogue.
- The 60th Anniversary of establishment of diplomatic relations between India and Japan was celebrated through various events both in India and Japan. Academic seminars and workshops, business summits and visits of business delegations, cultural performances and art shows, painting and photography exhibitions and joint audio-visual productions, both at governmental level and by private institutions have been held to bring the people of both countries closer.

PM Modi's Visit To Japan

Rarely before in recent memory has Japan gone so much out of its way to welcome a foreign leader as it did when it received Prime Minister Narendra Modi. His counterpart, Shinzo Abe, broke protocol in both receiving Modi in Kyoto and spending the weekend with him in that old imperial capital. With India and Japan moving from emphasising shared values to jointly advancing shared interests, their ties already constitute Asia's fastest-growing bilateral relationship. Abe and Modi, however, wish to turn this

blossoming partnership into a defining element in Asia's strategic landscape so that Japan and India serve as key anchors of a stable power balance.

The Rationale Behind

The rationale bringing India and Japan closer together is powerful: If China, India and Japan constitute Asia's strategic triangle – with China representing Side A (the longest side of this scalene triangle), India Side B and Japan Side C — the sum of B plus C will always be greater than A. In the absence of a Japan-India axis, the rise of a Sino-centric Asia could become inevitable. Containing China, however, is not an option. China is the largest trading partner of both Japan and India, which cannot afford to disrupt their relationship with Beijing. The key issue for India and Japan is how to address Asia's current power disequilibrium, triggered by the rapid rise of an increasingly assertive China that is seeking to disturb the territorial and maritime status quo. An entente between Asia's two main democracies can help restore a fair degree of equilibrium to the power balance.

Chemistry Between Abe And Modi

Abe and Modi represent the best chance for establishing an enduring entente. The two are ideological soulmates, belong to the 1950s generation, share the zodiac sign of Virgo, and regard each other as friends. Indeed, like two buddies meeting after a long time, Modi and Abe greeted each other with a bear hug and glowing and beaming smiles. The Abe-Modi affinity has been fostered both by personal chemistry and hard-nosed calculations about the importance of Indo-Japanese collaboration in their plans to revitalise their countries' economy and security and restore national pride. International relations theory assumes that interstate relations are shaped by impersonal forces, especially cold calculations of national interest. In truth, history is determined equally, if not more, by the role of personalities, including their personal strengths and foibles and their search for national security and respect.

Theory Of International Relations And Exceptions Of India-Japan

Abe sees India as the key to expanding Japan's security options beyond its current US-centric framework, while Modi views Japan as central to the success of India's 'Look East' strategy. 'Abenomics' and 'Modinomics' are both geared to the same goal – reviving laggard growth — yet they need each other's support for success.

Whereas Tokyo sees New Delhi as important to its own economic-revival strategy, India looks at Japan as a critical source of capital and commercial technology and a key partner to help upgrade its infrastructure and manufacturing base. Abe's reassertion of the right of collective self-defence and his relaxation of Japan's self-imposed arms export ban have opened the path to closer military cooperation with India, including co-production of weapon systems.

India — the biggest recipient of Japanese aid — has already become one of the largest destinations for Japanese FDI among major economies. The two countries' dissimilarities actually create opportunities to generate strong synergies through economic collaboration. Japan has a solid heavy manufacturing base, while India boasts services-led growth. India is a leader in software and Japan a leader in hardware.

India has the world's largest youthful population, while Japan is aging more rapidly than any other major developed country. Whereas Japan has financial and technological power, India has human capital and a huge market.

The China Factor Japan clearly has an interest in a stronger, more economically robust India. Just as Japan assisted China's economic rise through large-scale aid, investment and technology transfers for

over three decades — a role obscured by the recent flare-up of disputes — it is ready to help India become an economic powerhouse on par with China, a consideration that prompted Abe to pledge a whopping \$35 billion in new assistance.

China, by contrast, has little interest in aiding India's economic ascent. Beijing boasts a booming trade with New Delhi, but that commerce bears a distinct mercantilist imprint and shows India in an unflattering light: China exports three times as much as it imports and treats India as a raw material supplier and a market for its finished goods. This asymmetry is made more glaring by China's minuscule FDI in India.

Challenges Ahead

A challenge for Modi is to correct the lopsided trade and calibrate China's market access to progress on bilateral political, territorial and water disputes, or else Beijing will fortify its leverage against India. After all, China does not shy away from making efforts to block the rise of India and Japan, including by stepping up military pressure on them and opposing the expansion of the UN Security Council's permanent membership. After charming Nepal and Bhutan on highly successful visits, Modi's landmark trip to Japan has not only helped to define the parameters for Asia's new democratic alliance but also set in motion the addition of concrete strategic content to this 'special strategic and global partnership' — its formal name. The entente holds the potential to revive the two countries' economic fortunes, catalyse their emergence as world powers, reshape the Asian strategic landscape and impel a tectonic geopolitical shift.