

# PART-H

## 1 CHAPTER

## *India and Japan Relations*

*After reading the chapter, the reader will be able to develop an analytical understanding on the following:*

- Evolution of India's relations with Japan
- Role of Domestic, Strategic and Personality factors
- Commercial diplomacy
- Defense and nuclear diplomacy
- Act East Policy and Japan
- Analysis of bilateral visits

### **EVOLUTION OF INDIA'S RELATIONSHIP WITH JAPAN**

Japan and India have an ancient relationship, with Buddhism acting as a common connecting factor. During the era of the ancient Silk Route, Buddhism spread to China from India. From China, Buddhism also spread to Korea and Japan. There was a dip in Indo–Japan relations during medieval times. Yet, the cultural engagement at the level of Buddhism continued.

A proper analysis of Indo–Japan relations can be clearly outlined in the period preceding and following India's independence. During the WW–II, Subhash Chandra Bose formed close ties with the Japanese in his bid to wage a war on the British army. Bose's Indian National Army (INA) was the brainchild of Japanese Major (and post-war Lieutenant-General) Iwaichi Fujiwara, head the Japanese intelligence unit Fujiwara Kikan and had its origins, first in the meetings between Fujiwara and the president of the Bangkok chapter of the Indian Independence League, Pritam Singh Dhillon. Through Pritam Singh's network, the recruitment by Fujiwara of a captured British Indian army captain, Mohan Singh on the western Malayan peninsula in December 1941 also contributed to the cause as Fujiwara's mission was "to raise an army which would fight alongside the Japanese army." After the initial proposal by Fujiwara the Indian National Army was formed as a result of discussion between Fujiwara and Mohan Singh in the second half of December 1941, and the name chosen jointly by them in the first week of January 1942.

The INA's first commitment during the WW–II was in the Japanese thrust towards Eastern Indian frontiers of Manipur. INA's special forces, the Bahadur Group, were extensively involved in operations behind enemy lines both during the diversionary attacks in Arakan, as well as the Japanese thrust towards Imphal and Kohima, along with the Burmese National Army led by Ba Maw and Aung San. The Japanese also took

possession of Andaman and Nicobar Islands in 1942 and a year later, the Provisional Government and the INA were established in the Andaman and Nicobar Islands with AD Loganathan appointed its Governor General. The islands were renamed Shaheed and Swaraj. However, the Japanese Navy remained in essential control of the island's administration. However, Japan's funding for the INA gradually dwindled and the army was forced to pull back, being defeated in crucial battles and finally capitulating to the British army. This was followed by Japan's defeat and eventual capitulation in the World War–II after the US dropped nuclear bombs at Hiroshima and Nagasaki.

Post-independence, it was in the year 1952 that India and Japan concluded a Treaty of Peace and Friendship, laying the foundation of India's new diplomatic relations with Japan. However, we need to remember that relations between the two during the Cold War were not warm. One of the key reasons was the ideological difference which separated the two. India, during the Cold War, was an advocate of Non-Alignment. Japan, on the other hand, after the World War–II, concluded the Treaty of San Francisco with USA and tilted towards the capitalist orientation as Japan was economically weak and was undertaking economic reconstruction after the war. India supported Japan with the supply of iron ore. In return, India regularly got economic aid from Japan in the form of ODA (Overseas Developmental Assistance, also at times called Official Developmental Assistance). In fact, by 1986, Japan emerged as the largest economic aid donor to India.

During the Cold War, when India faced conflicts with China in 1962 and Pakistan in 1965 and 1971, the foreign policy stance of Japan towards India remained very neutral. The Japanese never supported India, nor supported its opponents, and chose to not take sides. But somehow, Japan being a follower of the US camp in the Cold War, was always uncomfortable with India's tilt to the USSR post-1971. Due to the domestic ferment and problems India had during the Cold War, Japan always perceived India as a chaotic and desperately poor nation, having no potential to be a partner in the near times. Due to successive conflicts between India and its neighbours between 1962 and 1971, South East and East Asian States branded India as needlessly aggressive. In 1967, when South East Asians created the ASEAN (Association of South East Asian Nations), they did not invite India to be a part of the group, which also contributed to India's larger exclusion from that part of the world.

However, things did improve between India and Japan after the end of the Cold War. The ending of the Cold War brought about a radical shift in the world policy as also Indian Foreign Policy. India began to improve its relations with the USA. This also led India to improve its relations with other allies of the USA, including its most important partner in the East, Japan. In the first few years in the post-Cold War period, India began improving its relations with Japan but the progress was short lived as in 1998, India carried out another nuclear test and positioned itself as a nuclear weapon state. After the test, Japan became a vocal critique of India at the regional and international level. Japan even went on to cut its economic aid to India. It was natural for Japan to condemn such foreign policy behaviour as it had been the only nation in the world to have witnessed the horror of an atomic bomb attack first-hand. Post-World War–II, Japan has become a very peaceful nation with an acute abhorrence of atomic and nuclear bombs. It perceived the Indian nuclear test as an insult to the growing relationship.

## Japan and Pokhran-II

Japan called Pokhran-II a regrettable decision. It also said that the India nuclear test was a challenge to the international community. It condemned India at the G-8 summit in 1998 at Birmingham as well as at the Conference on Disarmament, 1998 and the UNSC session in June, 1998. The UN adopted a resolution urging India to halt its nuclear programme and roll back the development of nuclear weapons. Japan was a key sponsor. Japan observed that a nuclear India would escalate not only a nuclear conflict but a nuclear arms race. As Japan enjoyed protection under the nuclear umbrella of the US, it perceived a new nuclear power as a threat to its own order.

Thus, post-1998, India saw a dip in its relations with Japan. However, the US, which was also initially upset about India's nuclear testing, saw the test as an opportunity to improve its relationship with India at the level of nuclear commerce. This, at a later stage, in 2008, also led to the conclusion of an Indo-USA nuclear deal. The USA also convinced its allies, including Japan, not to be negative about the Indian nuclear tests. Consequently, in 2000, of the Japanese PM Mori Yoshiro conducted a state visit to India. Mori asserted that India and Japan will become strategic partners in future. This visit led to the birth of a new partnership between the two that has continued from 2000 to the present. The beauty of the Indo-Japan relationship has been that it is moving in an upward trajectory reaching new heights which we can now explore in themes ahead.

## DOMESTIC FACTORS BETWEEN INDIA AND JAPAN

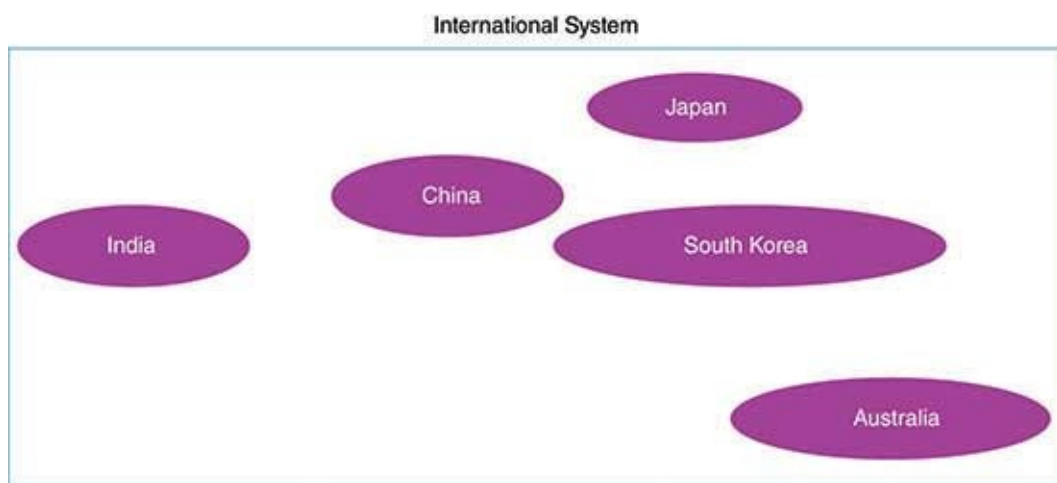
It is imperative to understand how domestic factors in India and Japan help in leveraging the Indo-Japan relationship for overall development. In Japan, many studies had been conducted which said that approximately by 2050, Japan may be pushed on the verge of zero percent economic growth because of an aging population that is moving towards a demographic disadvantage. To mitigate this challenge, Japan has, in recent times eased up its immigration policies, allowing the entry of skilled professionals. Therefore, this is one area where India and Japan have an interaction as a lot of skilled members of the Indian population are now looking at Japan as a viable option to support Japanese economic growth. Further, with coming of Shinzo Abe in Japan, we have a unique Japanese economic revival happening under a conceptual framework called Abenomics (Abe + economics). Abenomics is a unique blend of fiscal, monetary and structural reforms which Shinzo Abe is aggressively pursuing in Japan. It is again in this context that India and its corporate sector today sees a vibrant opportunity in Japan. This is also coupled with a perception which Japan has of India as a knowledge superpower, while perceiving China to be a cheap commodity superpower. The Japanese ODA is put to use in infrastructure projects in India such as the Delhi Metro, the Delhi-Mumbai Industrial Corridor, the Dedicated Freight Corridor and the Bangalore-Chennai expressway. Thus, at domestic levels, India and Japan collectively complement each other.

## STRATEGIC RE-BALANCING AND PIVOT TO ASIA

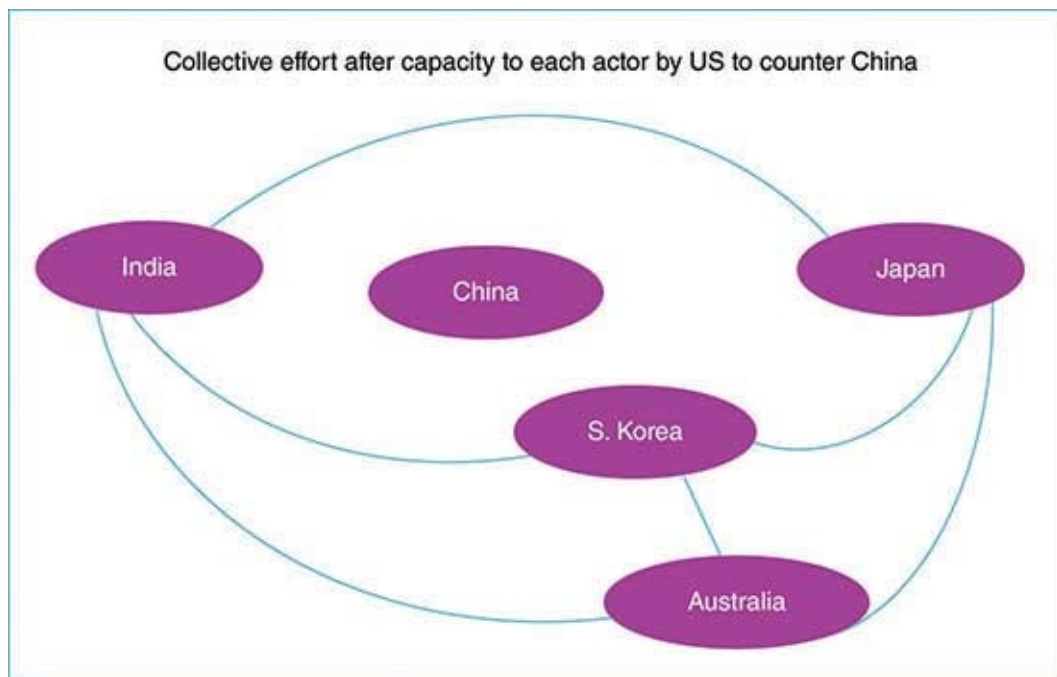
In this segment, our priority is to see how the USA is acting as a core factor in bringing

India and Japan closer via its Pivot to Asia or strategic rebalancing policy. China has gradually become powerful at the economic level. A strong Chinese economy has given China a muscle to exercise at the level of military. This economic-cum-military strength of China, which has transformed it to a regional hegemony in Asia, has caused some uneasiness in US and its allies in South East and East Asia.

The USA also has witnessed the rise of China in the Asian continent, and now perceives it as a threat to its own global hegemony. Thus, over a period of time, the USA has come to feel the need to contain a rising China by outlining a new vision for Asia. The US perceives Asia as a continent of opportunities. The US has an interest in synchronizing itself with Asia for the purpose of its own domestic growth. But at the same time, it expresses concern for its allies who, it feels, are bullied by a rising China. So, the US also feels the need to support its alliance partners through its Pivot to Asia, which uses a dicious combination of the USA's economic, military, strategic and ideological footprint in the region. A rough design is provided below:



The USA has therefore kept those alliance partners in the ambit which it feels are threatened by China's power. These nations also individually lack the capacity to tackle China. The USA, under Pivot to Asia, undertakes the responsibility of providing this "capacity" (in terms of economic, military, strategic and ideological support) to its allies to contain a rising China. Thus, by virtue of this policy, the US encourages its allies in Asia to collectively come together to nullify a strong China.



The US provides capacity to the state actors and encourages them to improve and deepen relationships. The US is the most important factor in making India–Japan, Japan–South Korea, South Korea–India, India–Australia and Japan–Australia ties tighter and stronger. The US and Japan have been closely associated since the Treaty of San Francisco; the US and South Korea have a mutual Defence Treaty; the US and Australia are NATO allies and the US has also increased its economic and strategic imprint in India post the Indo–US 2008 civilian nuclear deal. All these nations, in some or the other way, directly or indirectly, are close to the US. Thus, today at the systemic level, if India and Japan come closer, it is due to the Pivot to Asia policy. However, it would be wrong to conclude that Pivot to Asia is merely a deliberate attempt on the part of the US to contain China. The US has decided to take advantage of a rising Asia and is investing in new partnership in Asia for its own economic growth. We may conclude that the Pivot to Asia has, at least, made India a partner, if not an ally, of the US but the policy certainly benefits the US more than any individual state actor in Asia.

### **Role of Personality Politics in India–Japan**

That the US is a key factor in India–Japan relations is clearly reflected in the interaction of the heads of state of the two sides when they meet. Foreign policy experts have commented that India–Japan relations are a classic example of Prime Minister-driven relationship. In recent times, Manmohan Singh and Modi have both infused enormous political energy in the relations with Shinzo Abe. Both leaders from India have jointly emphasised upon the establishment of a single seamless Asian whole and the creation of an ‘Arc of Freedom,’ leading to an alliance of these two leading democracies. The idea is to establish a seamless paradigm for free movement of navy, trade capital, finance and people between India and Japan.

### **COMMERCIAL DIPLOMACY**

As mentioned in the earlier sections, India and Japan had limited commercial ties during the Cold War. The rise in bilateral commercial relations is a post-Cold War phenomenon. However, relations at the commercial level had existed even before World War–II. At the

end of the Edo Era, the Japanese ports were opened for commerce and its trade relations with India began. With the opening of the ports Japanese industries began to import Indian cotton yarn. The trading merchants in Bombay opened more shipping lines with merchants in Yokohama. As the World War–II ended and India became independent, Japan began to export machinery and metal products to India while importing iron ore from India. The imported iron ore was used by Japan to mitigate material shortages it was facing in its domestic steel industry. Though Japan had been also providing Official Development Assistance (ODA) to India, during the Cold War its overall quantum had got reduced. Japan gradually started importing more iron ore from Brazil and Australia than India.

It was in 1981 that India initiated partial economic liberalisation, with the process completed in 1992. In 1984 Japanese Prime Minister Nakasone visited India and doubled the total amount of ODA. In the 1980s, Japan began to import diamond and prawns from India. As the Cold War ended and India embarked upon full economic liberalisation, a new chapter in the bilateral trade opened up. The economic and commercial ties were accelerated in 2011 when the two sides concluded a comprehensive and economic partnership agreement (CEPA). The CEPA gives India access to a 5-trillion-dollar GDP while giving Japan an access to more business opportunities in India.

## India–Japan CEPA

In November 2004, India and Japan established a Joint Study Group (JSG) to explore the possibility of a CEPA. The JSG held four meetings from July, 2005 to April, 2006. In December, 2006, it was decided to establish a negotiation mechanism. From January, 2007 to September, 2010, 14 rounds of negotiations were held and in September, 2010, an agreement in principle was arrived upon. On 16th February, 2011 India and Japan concluded the CEPA.

India feels the CEPA is an alliance between Japanese technology and Indian labour force. As per the CEPA, by 2012, for trade in goods 94% tariffs were eliminated between India and Japan on a trade value basis.



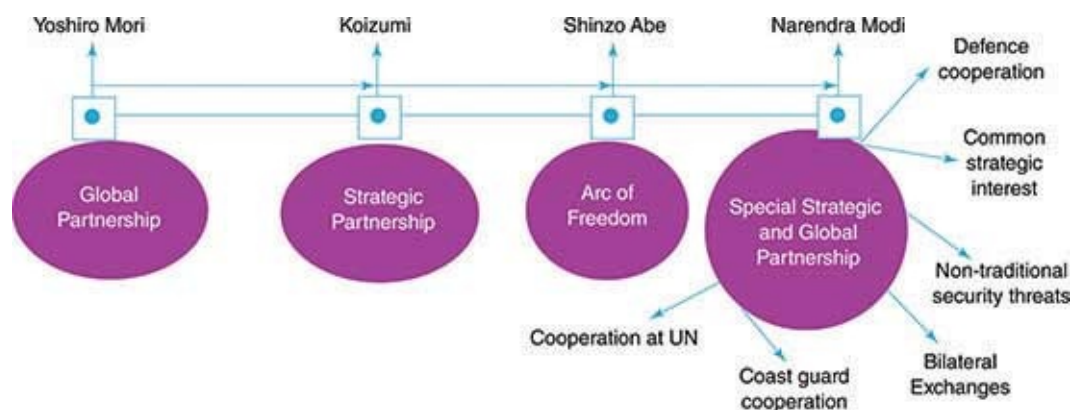
During Indian PM's visit to Japan in 2014, the Japanese PM Shinzo Abe committed 35 billion dollars' worth investments to India till 2019. India exports petroleum products, chemicals, fish, clothing and machinery to Japan while it imports, electrical machinery, transport equipments, plastic materials and precision instruments. Japanese FDI to India is mainly limited to the automobile and pharmaceutical sectors. With a red carpet for



Japanese investors under the Modi government, the trade relations are bound to increase in future.

## INDIA–JAPAN DEFENCE DIPLOMACY

The origin of the defence diplomacy between India and Japan could be traced back to the year 2000 when Japanese Prime Minister Yoshiro Mori visited India and envisaged a global partnership with India. In 2003, during the visit of Japanese PM Junichiro Koizumi to India, the relationship took a positive turn. Finally, in 2007 Shinzo Abe envisaged the confluence of the two seas and establishment of an arc of freedom and prosperity which saw its final culmination in 2014 in a Special Strategic and Global Partnership.



Under the Act East Policy, the most crucial connector between India and Japan has been maritime cooperation. The two sides have a Maritime Security Dialogue since 2013. The most unique feature of this maritime cooperation is that it incorporates not only naval cooperation but commercial maritime activities as well. The maritime cooperation manifests in the US and Australia also acting as core players in the game. Though Chinese assertiveness is a factor in bringing India and Japan closer, both nations are cautious that they don't posture their bilateral maritime cooperation as an anti-China alliance. The defence diplomacy is gaining strength as India is emerging as a strong naval power and is likely to fill the vacuum left by the US in the region. In 2015, India and Japan concluded an Agreement on Transfer of Defence Equipment and Technology Cooperation. This agreement will provide India with advanced defence technology for the purposes of research and development. As the Indian defence market opens up, Japanese defence players will see rising presence in India.

India has declared Japan as a privileged market partner in Make in India programme. Shinzo Abe has also proposed a 'Democratic Security Diamond' involving Japan, India, the US and Australia. The Diamond shall be the guardian of maritime security from the Indian Ocean to western Pacific. One of the reasons why Japan has proposed the Diamond is because of declining US power in the region. As China becomes assertive and the US witnesses a gradual decline in its power in Asia, Japan intends to fill the void with a partnership with other democratic Asian states. The National Security strategy of Japan announced in 2013 has also included India as a primary driver in maintaining the balance of power in Asia disturbed by a rising China. Japanese scholar Dr Satoru Nagao has stressed that countries in the Indo-Pacific region are in the midst of a security dilemma regarding their maritime projection and are countering this by up scaling production of submarines, which are considered symbols of tackling statist threats. He emphasised that the coastal countries around the East China Sea have increased the number of submarines

in their naval arsenal in the light of the changing power balance between the US and China. Speaking at the conference on 'India–Japan Partnership in the Changing Asian Strategic Scenario', organised on March 18, 2016, he further asserted that to mitigate the threat of assertiveness China, Japan should cooperate at the defence level with India, which is also another rising power in Asia.

One of the key areas of identified cooperation is at the maritime level. India has decided to buy 12 US–2 Amphibian aircrafts from Japan. The defence cooperation, while being on the rise, has also brought some concerns. Japan is concerned about its intellectual property in defence technology transfers. India has convinced Japan of its stellar reputation in preventing breaches of intellectual property. Though the US will remain the nucleus of Japan's security policy, India has emerged in the ambit of Japan as a crucial player for Asian security. Japan mostly follows the USA's footsteps in its engagement with India. As India and the USA have signed a LEMOA, it is this which is likely to emerge as the next step in Japan–India defence diplomacy.



## Malabar-2017—A Concert at the Seas to Avoid the Thucydides Trap?

In 2017, Indian Navy (IN) collaborated with Japan and US too carry out the Malabar exercises. During the Cold War, IN remained isolated due to the non-alignment. Though Soviet Union did provide India with naval hardware, but, no professional interaction happened between IN and Soviet Navy during the Cold War. IN remained clung to the outdated doctrines of NATO. When USSR disintegrated, India lost all inhibitions of non alignment and decided to embrace the post Cold War world order with a new confidence. US dispatched the Pacific Army commander General Claude Kick lighter who proposed US-India military to military cooperation in 1991. India and US did a naval drill in 1992 for the first time. This naval drill led to the birth of the Malabar exercise between India and USA. Malabar provided the IN with new insights into tactics, doctrines and warfare techniques. As the Malabar exercises progressed, Japan entered the scene in 2016 and thereby made Malabar a trilateral format. The naval cooperation of India has moved out of the orbit of non-alignment to enter into the new mutant of non-alignment that is strategic autonomy. Malabar exercises are an attempt by India to avoid a Thucydides trap. Thucydides said that it was the rise of Athens that led to fear in the mind of Sparta, leading to the war. Today the Indian foreign policy, in order to avoid the Thucydides trap is cooperating with Japan and US to establish a favorable regional balance of power. The 2017 Malabar exercise gave an insight to the Indian Navy to benefit from the diverse operational expertise. As China acquires bases in the Indian Ocean and enhances its presence in India's backyard, the Malabar exercises provide the IN an opportunity to establish a triad which could manifest as a mega trilateral balancer in the region.



## **INDIA–JAPAN NUCLEAR DIPLOMACY**

In November, 2016, at an annual bilateral summit, India and Japan concluded a nuclear deal, which was being negotiated since 2010. The successful conclusion of the deal will provide India access to the Japanese nuclear market as well as their technology. During the negotiation stage, Japan had been insisting that India sign the NPT and the CTBT. India, on the other hand, convinced Japan of its good track record in non-proliferation as well as a self-imposed moratorium on further nuclear testing. India, thus, concluded the deal without being a signatory to the NPT. They have signed an additional document called a 'Note' on views and understanding as per which if India violates its self-imposed moratorium, and then Japan has the right to terminate nuclear cooperation with India. The termination of the deal shall not be up-front. There will be a joint security assessment to analyse the reasons that compelled India to undertake the nuclear testing in the first place. This would be followed by a safety assessment where they would determine the impact on the safety of the facility in case supplies are stopped. This would be followed by the clause of right to return. As per the clause, Japan, at its own cost, will seek a return of the material supplied to India. As per the deal, Japan will give a one-year notice to India before ending nuclear cooperation if India tests a nuclear weapon. India has already signed deals with France, Russia and the USA. As a majority of the nuclear parts were made by Japan, in the absence of a deal with Japan, India found it tough to order nuclear technology from the US, France and Russia. As firms like GE, Westing house and Areva have stakes in Hitachi, Mitsubishi and Toshiba, the Indo–Japan deal will now open up business opportunities in India for all of them.

India used the Indo–US nuclear deal as a template while designing the clause related to reprocessing. India has the right to reprocess at sites which are under the safeguards put in place by the IAEA by signing the nuclear deal with Japan. Japan not only has some very advanced nuclear technologies but also is a reliable player as it is known for not imposing additional ties. As the two countries take their relations to global strategic partnership level, the nuclear deal will help the two achieve the dream of Asian G-2.

## **INDIA'S ACT EAST POLICY AND JAPAN**

Not only the two sides have improved their diplomatic and economic ties but improvement is seen in defence and strategic diplomacy as well. India and Japan are now special strategic and global partners. Some of the key drivers of the growing Indo–Japan relationship are changing geopolitical scenarios in the Asia Pacific and the shared bilateral value of democracy between the two. Sushma Swaraj, India's Foreign Minister, rightly asserted in 2015 in New York during the first India–Japan–US trilateral meeting that Japan is the very core of India's Act East Policy and a partner of India's growth in East Asia. India initiated its Look East Policy in 1990s to engage with the tiger economies of the ASEAN. At the end of the Cold War, as the ASEAN expanded and added Cambodia, Laos, Myanmar and Vietnam and Thailand, it's brought the ASEAN at India's doorsteps. India began to use this opportunity to cement economic ties in the region. India's Look East Policy has continued to remain one of the most decorated components of its foreign policy.

Six months after taking office in May, 2014, the Indian PM Narendra Modi, while addressing the East Asian Summit in Myanmar, announced India's Act East Policy, with

an emphasis upon connectivity, culture and commerce. India seeks to move beyond its ASEAN-centric policy and intends to assert dominance in the Indian and Pacific Oceans. In order to achieve this, Japan has assumed a hegemonic position in India's Act East Policy. Japan too has welcomed India in East Asia and has used multiple instruments to deepen ties with India.



Japan has effectively used multiple 'mini-lateral' forums (as visible in the diagram above) to boost its ties with India. The Quad of G-4 has been used to collectively seek a UN Security Council Seat. Similarly, the Triangular Ministerial Dialogue was used as a mechanism not only to promote public opinion and dialogue but also to foster maritime cooperation. The reinterpretation of Article 9 of the Japanese Constitution allows Japan to boost strategic cooperation with India. The amended Article 9 (since September 2015) allows Japan to send military aid to friendly states (that includes India) if they come under attack from another state. This amendment has opened up new avenues of strategic diplomacy between India and Japan. The strengthened Indo-Japan relationship in the backdrop of the Act East Policy is also driven by Chinese assertiveness. Both India and Japan want to ensure that Asian decision making is not hijacked by China but remains committed on the principles of consensus building. The support of the US for India's Act East policy will ensure a consensus-based regional architecture will help in bringing India and Japan closer.

## **INDIAN PM'S VISIT TO JAPAN AND OTHER BILATERAL VISITS AS PART OF INDIA-JAPAN ANNUAL SUMMITS**

The Indian PM paid a visit to Japan from 31st August to 3rd September 2014. During the visit, the two nations concluded the Tokyo Declaration. The two sides decided to strengthen bilateral cooperation through various dialogue mechanisms and to use '2 plus 2 dialogue' involving their foreign and defence secretaries to strengthen security cooperation. During the PM's visit, an MoU to strengthen defence cooperation was signed envisaging bilateral maritime cooperation. Japan expressed an interest to transfer defence technology to India. A joint working group to work upon defence technology transfer of US-2 amphibian aircraft was established. The PM announced establishment of India-Japan investment Promotion Partnership where the two sides decided to double the inflow of FDI to India over the next five years. Japan also decided to invest 3.5 trillion yen ODA to India in specific sectors.

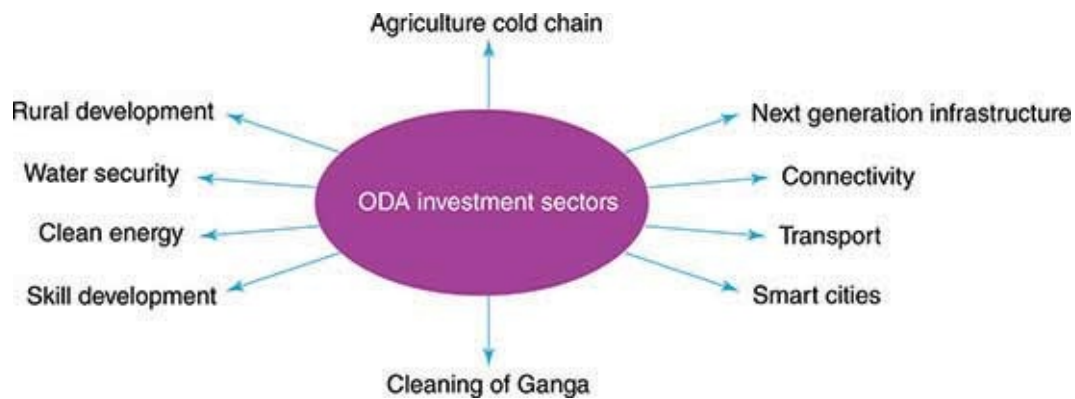
The visit of Indian PM to Japan in 2014 led to the birth of Tokyo Declaration. The two leaders have taken the bilateral relations to the level of special strategic and global partners. At the defence level in 2014, the leaders have further decided that:

- There shall be regular military and naval exercises between the two nations.
- There shall be a trilateral defence meeting between India, Japan and the USA.
- Japan has lifted the ban on sale of products of defence companies they had

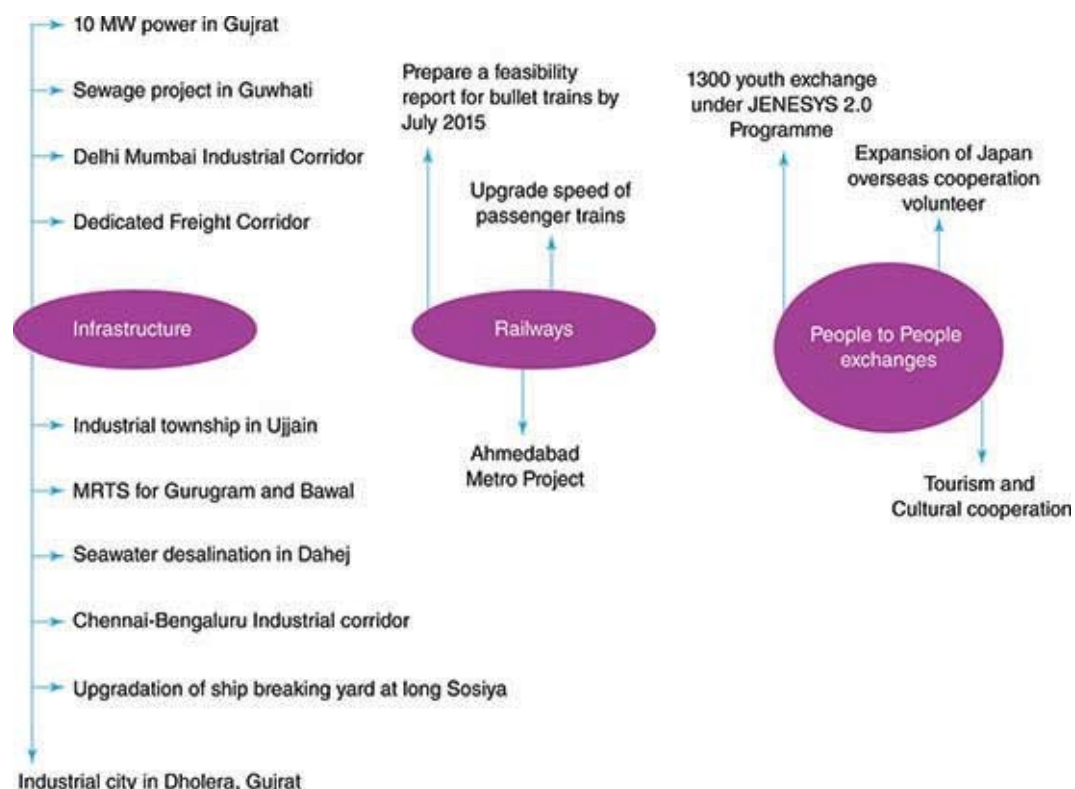
imposed upon after 1998 PNE.

■ Japan is to sell US-2 amphibian aircrafts to India.

Similarly, Japan has affirmed investments in the 'Plus Five Segment', namely infrastructure transport, smart cities, Ganga cleaning, manufacturing and clean energy. Japan shall also be creating Industrial townships in India. The two have decided to name Varanasi as Kyoto's sister city in the near future. Japan had also been conducting feasibility study on bullet trains in India and has recently announced the initiation of the Ahmedabad–Mumbai bullet train project, amounting to rupees 1.1 lakh crores.



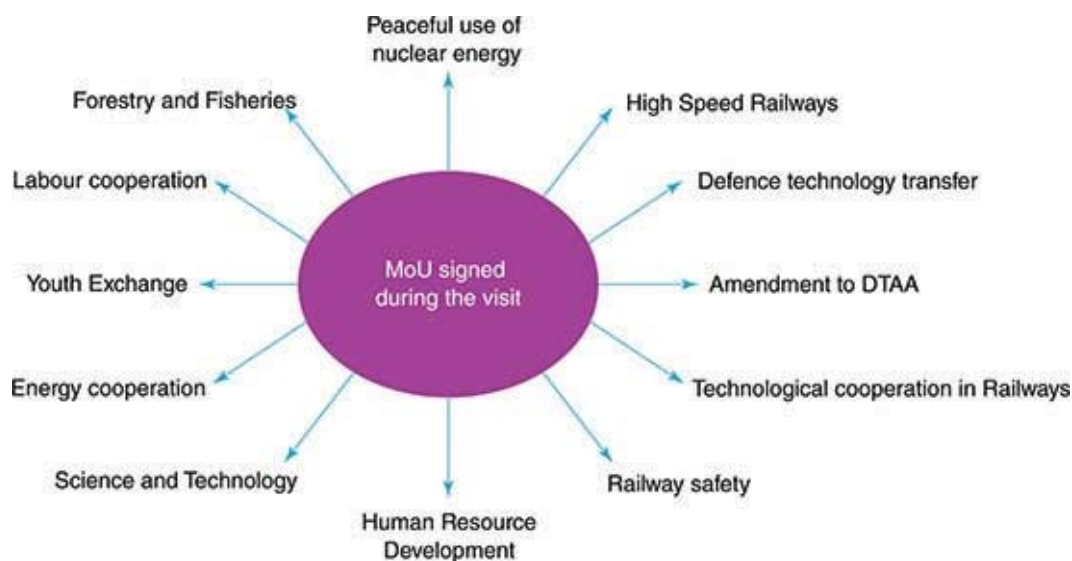
Japan committed to develop Electronics Parks and Japanese-style Industrial Townships in India. Various projects in infrastructure, investment, energy and natural resources were announced.



The Indian PM visited Japan on 11th and 12th November, 2016 to participate in the bilateral annual summit. During the Summit, the two sides concluded an agreement on cooperation in the field of civilian nuclear energy for peaceful uses. An MoU was signed with Japan where Japan in the next 10 years will train 30,000 Indian youth by setting up a Japan–India Institute for manufacturing.



Japanese PM Shinzo Abe visited India from 11th to 13th December, 2015. The two sides reiterated their commitment to work for infrastructure, manufacturing, transport and nuclear technology. An agreement on Transfer of Defence equipment and Technology and an agreement on protection of classified military information were signed. To create an infrastructure that would boost connectivity, the two sides decided to synergise the Act East Policy and Japan's Partnership for quality infrastructure.



The PM paid a visit to Varanasi and took part in Ganga *arti* ritual and Ganga *arti*. Abe announced a decision to build a convention centre in Varanasi. Japan agreed to officially be a part of trilateral Malabar exercise with the US and India. Abe also committed to the development of a high speed rail network in India and the supported sharing of SHINKANSEN trains. Japan is planning to establish a manufacturing deal where it will be a stakeholder in the offset clause.

## 12<sup>th</sup> India–Japan Annual Summit-2017

In September 2017, the Japanese PM Shinzo Abe visited India for the Annual Summit. The Annual Summit happened in the backdrop of rising Chinese aggression in the South China Sea and the Indian Ocean, which has emerged a concern for India and Japan both. Japan was the only country that supported India during the Doklam standoff with China. During the visit, the two countries discussed a Maritime Security Pact and decided to institutionalize a Maritime Security Dialogue to take forward the Maritime Affairs Dialogue (signed in 2013). The Japanese PM officially launched Asia-Africa Growth Corridor and inaugurated the Mumbai-Ahmedabad High Speed Rail (MAHSR) project. The project heralds a new era of safety, speed and service and will help the Indian railways craft a pathway to becoming a global leader in scale, technology and skill. The MAHSR works on an attractive low cost long term financing model. Japan will be providing a soft loan of 90,000 crore Rupees to India at an interest rate of 0.1 percent over



50 years. The re-payment of the loan is to begin after 15 years of receiving the loan. There have been criticisms that such a high speed train in a poverty stricken India is elitist and India can do without it. Such criticism were there even in 1969 when the first ever Rajdhani Express train was launched from Howrah to Delhi. However, leapfrogging technology and development with elitism is unwarranted at this stage. The Japanese PM visited India after the operationalization of the Indo–Japan Nuclear deal. India and Japan envisaged cooperation in the areas of space program. TeamIndus, an Indian aerospace firm (backed by Ratan Tata, Nandan Nilekani and Kiran Mazumdar-Shaw), has joined hands with Japan to launch India's first private satellite in March 2018. The PSLV-XL launch will happen from Sriharikota and will carry a Japanese rover Sorato and Indian rover ECA. The main engines are sourced from Japan's IHI Aerospace and Sorato rover is developed by iSpace Tokyo. The PSLV of ISRO will inject the spacecraft into an orbit 800 KM above the surface of the earth and from there, the spacecraft will set course to the moon by switching on its own engines. When the spacecraft lands on the lunar surface (Mare Imbrium), the rovers would be deployed. The visit of the Japanese PM clearly saw the two sides exploring opportunities in areas where both have complimentary strengths. The space partnership will serve as another plank in the effort to present a counter to Beijing while for New Delhi, it will be a spring board for a bigger role in the global arena. The two sides exchanged a Record of Discussion (ROD) on cooperation with respect to open skies (enabling the two states to mount unlimited flights to each other's countries). Maritime cooperation has emerged as a new area between the two. Historically India has always perceived the Indian Ocean as its exclusive sphere of influence (which China has never accepted) and India believed that no power could challenge its position in the Indian ocean. However, China, due to its aggressive economic growth in the recent decades, has developed a might to challenge the Indian influence amongst the maritime neighbors of India like Pakistan (through the CPEC), Djibouti (the first Chinese naval base in Indian Ocean) and Sri Lanka (as visible in Hambantota port). India desperately needs to counter these but doesn't really have the economic bandwidth to match the geopolitical needs. This is where Japan steps in to assist India (as it gives Japan an opportunity to expand its own influence in the Indian Ocean).

## **POTENTIAL CONCERNS AND IRRITANTS**

In the recent Modi–Abe bilateral meeting between India and Japan in 2014, concerns were raised by both sides. The Japanese people about facing hurdles in India while conducting businesses. They say that Japanese firms do not find it easy to do business in India due to project delays and bureaucratic hurdles. In order to rectify the above scenarios and solve the Japanese grievances, India has decided to undertake two steps. Firstly, the Indian PM assured that on the red tape would be replaced with red carpet for Japanese businessmen and also secondly, requested Japan to send two nominees from Japan to the Indian Prime Minister office to work as representatives of Japan to work in close cooperation with PMO and the concerned ministries here.

India communicated to Japan the need to transform the ODA to FDI (Foreign Direct Investment). The reason behind this was the fact that if India keeps on receiving ODA, then the world will continue to perceive India as a nation dependent upon economic aid, whereas upon receiving foreign investment, India can globally position itself as a favourable investment destination and invite investment from all over the world. Japan in



2014 committed to transform its ODA commitments into FDI and assured India with investments worth 35 billion dollars in the next five years.



## **India and Japan—Can they be the Next Asian G-2?**

During the Cold War, India and Japan could not envisage a strategic relationship due to ideological differences. As India followed non-alignment, it emerged as a big tree that gave no shade while Japan focused on economic reconstruction after World War-II and earned a reputation of an economic giant but a political pygmy. In the post Cold War period, the growing assertiveness of China and the decline of US power in Asia (US under Trump has challenged the two foundations on which its presence in Asia was based upon acting as a market for Asian products and protecting its Asian allies and friends) has prompted proximity between India and Japan as both have realized that they have to fend themselves to tackle an assertive China. Both also fear a possibility of G-2 (US and China) as a new threat. Shinzo Abe has demonstrated capabilities to position Japan as a leading power in Asia while Modi has driven India away from the ideological burden of non alignment to position India as a leading power by building wide ranging partnerships. India and Japan in the recent times have strengthened their bilateral relations at the defense level by concluding agreements for defense technology transfer and maritime security. The bilateral economic cooperation too has got enhanced under the Act East Policy of India and Expanded Partnership for Quality Infrastructure in Asia (EPQI) of Japan. The newness in the India-Japan relationship is a bilateral decision of the two to form a mini-lateral coalition to jointly develop Africa (by pooling human and financial capital) under the Asia-Africa Growth Corridor {with an intention to pose it as a counter to the Chinese OBOR}. A strong alliance between India and Japan will not upset the US as both favor Indo-Japan proximity. But, such an alliance can certainly keep a check on unilateralism of China in Asia and contribute to maintenance of a regional balance of power.

As the depth in the bilateral diplomatic ties enhance, three questions remain:

1. Whether India will enter into an alliance with Japan to promote a stable balance of power in Asia?
2. Whether Modi will overcome the bureaucratic inertia to go for an alliance?
3. Will Japan leave the monogamy of its alliance with US and embrace India?

## **FUTURE POTENTIAL AREAS OF COOPERATION**

Japan being a nation in need of rare earth metals is eagerly exploring the same in China. This, despite the fact that India has a lot of rare earth metals. However, India lacks adequate technology to explore them. This is certainly one area where Japan and India can work jointly in the future.



## **Asia-Africa Growth Corridor (AAGC) – Partnership for Sustainable Development and Innovation Development—The Vision?**

In the recent times, Asia has witnessed aggressive economic growth. It has provided a tail wind to the global economy. Africa is endowed with demography and an economic potential. In order to connect the aspirations of Asia and Africa, the two have decided to establish an AAGC. The corridor will have four components:

1. Development and cooperation projects
2. Quality infrastructure and institutional connectivity
3. Capabilities and skill enhancement
4. People to People partnerships.

The aim of the AAGC is to develop quality infrastructure to unleash growth through effective mobilization of financial resources. The corridor will align socio-economic development strategies of Asia and Africa and enhance the capabilities and skills through human resource training, skill training, vocational training. The corridor envisages Greenfield infrastructure projects, Joint Ventures with focus on renewable energy and power grids. The people to people partnerships are envisaged by promotion of tourism, education, knowledge facilitation and exchanges amongst the people.