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View Point

India and Japan: An Opportune Moment of Convergence

*Dr D. Gnanagurunathan**

The Japanese Prime Minister Yoshihiko Noda will be on a three-day visit to India, 27-28 December 2011, for Annual Bilateral Summit talks with Prime Minister Manmohan Singh. The visit is taking place at a time when a number of developments in the Asia-Pacific region are shaping the regional security architecture of the region. In addition, there are other issues: the tension over South China Sea sovereignty claims; the Fukushima nuclear disaster and the pending Indo-Japan civil nuclear deal and the increasing co-operation between India and Japan and the US. Against this backdrop, to what extent the visit gains salience, and what does it entail for India-Japan relationship in the future.

During the Cold War, India-Japan relationship had remained cordial, but the outcomes were sub-optimal. Japanese Prime Minister Yoshiro Mori's August 2000 visit to India provided the much needed impetus for the relationship. The India-Japan Strategic and Global Partnership Agreement of 2006 along with the recently concluded Comprehensive Economic Partnership Agreement (CEPA) in February 2011 have paved the way for closer ties between India and Japan.

The relationship is yet to achieve its potential and is mired with issues such as low trade – around US \$ 10 billion during 2009-2010 – despite robust trade with their other partners, for instance, China. The negotiations over civil nuclear agreement are

protracting, even though Japanese Diet has approved atomic energy agreements with Jordan, Vietnam and South Korea.

Japan continues to accord great importance to its relations with India. Despite its monumental efforts to reconstruct the nuclear disaster wrecked Fukushima prefecture, Japan has exempted India from cuts it implemented in its Official Development Assistance (ODA). India remains the largest recipient of ODA for the last seven years. Japan has also committed about Rs 58,000 crores for 59 projects that are under implementation as of March 2011. Further, Japan has extended financial and technical support for the implementation of the US \$ 90 billion mega infrastructure project i.e. Delhi-Mumbai Industrial Corridor (DMIC). Recently, Japan has also shown interest in acquiring 26 per cent equity stake in the project.

The number of Japanese firms operating in India has increased from 267 in early 2006 to 812 as on 1 October 2011. Nevertheless, most of them are engaged in automotive and electronic industries, whereas India also requires engagement in infrastructure development such as power generation, urban development and railroads. Further, the Indian government has also invited the Japanese companies to participate in its US\$ 1 trillion five-year project on energy and public transportation development starting next year.

Despite this mixed record of trade and financial assistance, the stagnant state of civil nuclear co-operation agreement has been a hurdle in the relationship. So far, three rounds of negotiations have taken place. Apart from strident anti-nuclear and pacifist tendencies among domestic constituents in Japan, India's non-adherence to Comprehensive Test Ban Treaty (CTBT) remains a bone of contention. However, India maintains a clean record on non-proliferation. Yet, early this year, Japan removed seven Indian firms from its Foreign End User List including the Indian Rare Earths Limited. The Japanese Prime Minister Noda's statement during his recent meeting with External Affairs Minister S. M. Krishna that Japan would "consider co-operation with India over nuclear power" is therefore opportune.

On the other hand, both India and Japan have started working together in various issues of maritime and strategic concerns through Strategic Dialogues. Both

partners are exchanging escort schedules of their naval vessels deployed in the Gulf of Aden region signalling coordination in anti-piracy efforts. Their naval vessels will carry out mutual visits and conduct bilateral naval exercises. These engagements signal not only the convergence of bilateral as well as regional maritime and strategic imperatives, but also pro-active engagement in resolving them.

India is also extending its co-operation with Japan through regional and multilateral fora like the ASEAN (Association of Southeast Asian Nations) in Defence Ministers Meeting Plus (ADMM+), and East Asia Summit (EAS). On 20 December 2011, India, Japan and the US held their first trilateral meeting in Washington, which showcases their concerns from East Asia to the Indian Ocean. In the same spirit, it is also part of India's efforts to engage beyond the stated objectives of 'Look East' policy into North East Asia as well.

Hence, Noda's visit gains significance when India and Japan are cementing their bilateral ties as they share strategic concerns, common values, commitment to democracy and rule of law. Discordant issues such as civil nuclear agreement can be resolved by finding a common ground without compromising each other's interests. Renewed efforts to facilitate each other's requirements and removal of bottlenecks for investments would transform trade and investment climate. A great deal of convergence of interests than divergence augurs well for India-Japan relationship.

**Dr D. Gnanagurunathan, Research Fellow, at Indian Council of World Affairs, New Delhi 110001*

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