**India-Japan Relations : An Enduring Partnership**

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India-Japan relations are often analysed exclusively through the prism of the rise of China and its hegemonic aspirations in Asia. However, to evolve a comprehensive understanding of the developing bonhomie between India and Japan, one needs to critically analyse the nuances that are shaping this bilateral relationship.

Japan is vital in India’s Look East, Engage East and Act East policy. Shared values and the convergence of interests in the post-Cold War era have pushed India-Japan relations from mutual apathy to trust and co-operation. While the ‘China threat’ theory and declining US influence in the region are making Prime Minister Shinzō Abe explore alternatives like India, India is expected to pursue its quest for multi-polarity and great power identity, and pragmatically engage with all the important players.

The Tokyo Declaration of September 2014, issued at the end of Prime Minister Modi’s visit to Japan, has added depth to the India-Japan relationship by elevating it to a Special Strategic and Global Partnership, and demonstrated the new leadership’s commitment to cultivating a robust political, economic, strategic, and defence cooperation. While the personal affinity between the leaders of the two Asian powers was evident during the meeting, how this friendship will translate into tangible gains for both nations remains to be seen.

The bilateral relationship has been cautiously nurtured since 2000 under the leadership of Yoshiro Mori, Junichiro Koizumi, Shinzō Abe, Atal Behari Vajpayee, and Manmohan Singh. This has marked a radical departure from Japan’s negative stance following India’s nuclear tests in May 1998 and the suspension of Overseas Development Assistance (ODA). Japan undid its reluctance towards India once it grasped the reality of India’s ascension as a regional economic powerhouse, its maritime clout in the Indian Ocean, its sphere of influence in South Asia, and its growing strategic importance to the USA.

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Both Abe and Modi are keen to firmly establish their great power identity in international politics. Shinzō Abe is building on the instrumental role played by his mentor, former Prime Minister Junichiro Koizumi, in strengthening the partnership between these two ‘natural allies’ and has underscored the significance of India in facilitating Japan’s national interests in his book Towards a Beautiful Country: My Vision for Japan (2007). Also in 2007, Abe outlined his vision of India-Japan relationship in his address to the Indian Parliament: ‘Confluence of Two Seas’. In 2012, in his second tenure, India continued to feature as a priority when Abe proposed the concept of Asia’s Democratic Security Diamond – encompassing Japan, India, Australia and the US.

Analyzing the India Option through the Japanese Prism

The fundamental question that can be asked today is: why is Japan looking towards India? Deep ‘spiritual affinity’, powerful ‘cultural and civilizational ties’, lack of historical baggage, provide an oversimplified narrative since scant interest was showcased by Japan towards India before the 2000s. The shift in the Japanese approach has been shaped by the emergence of China as a formidable force; the eroding US position in the region; escalating US interest in India; and securing trade networks in critical maritime space. China’s remarkable economic development and growing diplomatic influence is altering the political landscape of East Asia. The structural tensions between the established power and the rising challenger will deepen as the US makes efforts to preserve its predominance in Asia, and China works to manoeuvre the USA out of its neighbourhood. While China is using its mounting influence to reshape the rules of the international system to better serve its national self-interest, mistrust, and conflict is indispensible in such a power transition.

Moreover, the Chinese economy is growing faster than that of the USA. It has emerged as one of the world’s chief manufacturing centres, and amassed enormous foreign reserves amounting to US$ 3.99 trillion at the end of June 2014. The modernization of China’s military too is being noted by all the stakeholders in the region. Japan is concerned that the volume of Chinese defence spending has gone up by roughly four times in the last ten years, and 40 times in the last 26 years.1 Its economic and military might has often translated into greater influence in the regional order. Escalated tension over territorial claims relating to the Diaoyu/Senkaku islands, and the frequent violation of contested waters and airspace is intensifying the security situation in the East China Sea. The unilateral establishment of the ADIZ in the East China Sea in November 2013 has been seen as an attempt to target Japan, and
as a demonstration of the Chinese resolve to shape a regional sphere of influence, and put the USA’s pivot strategy to a litmus test.

However, the economic content of the US-China relationship has significantly complicated the strategic paradigm. While bilateral trade in goods amounted to US$ 562.4 billion in 2013, China has emerged as a key creditor for the US government by holding approximately US$ 1.3 trillion in treasury debt. Hence, the USA is weighing everything cautiously to avoid provoking a major trading partner and creditor. Following Abe’s Yasukuni shrine visit in December 2013, the authorities issued a statement which reads, the ‘United States is disappointed that Japan’s leadership has taken an action that will exacerbate tensions with Japan’s neighbours’.

Moreover, Abe is cautious regarding the fear of the entrapment logic prevailing in USA. There is a school of thought which argues that the USA is worried about getting dragged into Japan’s conflict. If, for sixty years, Japan was worried that the USA would pull them into war, now the USA is nervous that it may get involved in a conflict owing to the security alliance. The fear of entrapment has shifted from Japan to the USA since the scope of Article 5 of the security treaty obligations extends to all the territories under the administration of Japan, including the contested Senkaku Islands. While Japan keeps the USA anchored in East Asia, it has long being pressed by the USA – its most valued strategic partner – to shoulder more responsibilities rather than exist as a ‘passive free rider’ on the US-Japan alliance. Though the US-Japan alliance is the foundation of regional security, memories of the 1971 Nixon shocks, Clinton’s Sino-centric Asian policy, and the 1998 nine-day visit for a summit meeting with the then Chinese President, Jiang Zemin, have all raised alarm in Japan. This has propelled policymakers to strengthen the security alliance and explore new partnerships. Thus, India-Japan Strategic and Global Partnership, India-Japan Joint Declaration on Security Cooperation, and the Comprehensive Economic Partnership Agreement with India, etc. were cultivated.

The nervousness among the Japanese regarding US commitment is deep-rooted, and has required the reassurance from President Obama who has clearly articulated the American position on the fiercely contested sovereignty claims over the Senkaku/Diaoyu islands. The military preoccupations of the USA in the Middle East and Central Asia; the US reactions in Ukraine; the changing dynamics of the US pivot/rebalancing strategy in the region; and anxiety over cutbacks in the US defence budget have raised Japanese worries vis-à-vis the US obligation.

In order to consolidate Japan’s national interest in the fast evolving regional security architecture, an anxious Abe is attempting to strengthen the security
alliance with the USA, motivate constitutional revisionism, and forge strategic partnerships with countries like India and Australia to dilute the Chinese sphere of influence. Japan has made attempts to manoeuvre geopolitical advantage through different conceptions, including the Quadrilateral Initiative (QI), the Arc of Freedom and Prosperity, and the Democratic Security Diamond. Beyond having common values and shared interests, India is an understandable choice for Japan, especially owing to the increased US interest in India as a stabilizing factor in Asia. Since the US Defence Department has acknowledged India as a long-term security partner, the consequent developments in the India-US relationship have facilitated India-Japan relationship further. As the USA worked to develop a robust relationship with India, Japan has been compelled to re-evaluate its stance. While President Bill Clinton’s India visit in early 2000 was followed by Prime Minister Mori’s India visit in August 2000, the Indo-US nuclear deal provided Japan the confidence to add value to the strategic partnership. The 2007 US-Japan Security Consultative Committee referred to nurturing cooperation with India. The 2008 Indo-US civil nuclear agreement (despite India being a NPT non-signatory state) spelt out the significance of India in US policy landscape. Moreover, India’s promising tie with the USA enabled Japan to invest in a strong relationship with India.

One school of thought argues that India is being perceived as a ‘net security provider’ by the USA, Japan, and several regional players. India has become a significant part of Japanese idea of Asia under the leadership of Koizumi and Abe. Strategic partnership has enabled Japan to better manage the ongoing redistribution of power in Asia. The National Security Strategy and the Nation Defence Program Guidelines – released in December 2013 – identify India as a ‘primary driver’ of the shift in the balance of power, and suggests that ‘Japan will strengthen its relationship with India in a broad range of fields, including maritime security, through joint training and exercises as well as joint implementation of international peace cooperation activities’.

Additionally, the safety of maritime traffic is imperative for Japan. Japan has suffered in several instances, including the Abdullah Azzam Brigade’s attack on the tanker M. Star in 2010 in the Strait of Hormuz, and as attacks on tankers during the Iran-Iraq conflict. The Higuchi Report aptly argues that the case of maritime shipping is an issue of ‘life or death’ for Japan. Various Admirals – including Akimoto Kazumine and Kawamura Sumihiko – and previous MSDF Chiefs of Staff – including Hayashizaki Chiaki and Yoshida Manabu – have underscored the significance of SLOCs for the ‘survival and prosperity’ of the nations in the Asia-Pacific, including Japan. Energy shipments through secured SLOCs connecting the Persian Gulf, the Strait of
Hormuz, the Indian Ocean, the Malacca-Singapore Strait, the South China Sea, and the East China Sea are critical for the regional economy. Energy security is essential for fuelling Japan’s economic engine, thus making maritime security one of its main concerns. Japan relies heavily on the Middle East for crude oil imports. In 2012, 83 per cent of its crude oil imports originated from the region. While Saudi Arabia is the leading source of imports (accounting for 33 per cent, or more than 1.2 million bbl/d), Japan also sources crude oil from the United Arab Emirates, Qatar, and Kuwait. Since 2012, Japan has partly reduced Iranian imports following Western sanctions, and explored alternative Middle Eastern sources. Beyond securing its energy interest, SLOCs, (especially the Malacca Strait) is vulnerable to piracy and terror incidents. India extended cooperation during the MV Alondra Rainbow piracy incident in 1999. India is perceived as a significant security partner in terms of its emergent maritime power projection ability to preserve the security of vital SLOCs and chokepoints connecting the Middle East to the Indian Ocean, and further. The Far Eastern Naval Command and the Eastern Naval Command serves as an important connection between India and East Asia, consolidating India’s status as a credible naval power with power projection capability.

**India’s Raison d’être for Courting Japan**

In the post-Cold War era, India witnessed intellectual re-orientation in its strategic thinking. With the collapse of the Soviet Union, India had to consider a pragmatic strategic stance, and shifted away from the Nehruvian canon. Until the early 1990s, and protectionist economic policies made India have an unenthusiastic approach towards the Asia-Pacific region. This approach made India overlook the prospect of cultivating relationships with East Asian actors while crafting its foreign policy. This policy cost the Indian economy considerably: ‘India missed being a beneficiary of the Asian miracle’ as compared to the other Eastern Asian nations. Thus, India designed its Look East Policy, with the objective of engaging with her Eastern partners. Now, Indian strategic thinking is increasingly arguing beyond the Look East policy and urging policymakers to ‘engage’ with, and ‘act’ East. In 2003, India expanded the definition of East, encompassing Australia to East Asia; it also extended its scope from trade to cover broader economic and security issues. Thus, subsequent to the post-Cold War period, India has grasped the dynamism of the region, and invested in strategic partnerships with the most important regional actors, including Japan.
India’s economic relationship with East Asia is growing and its expanding military profile and strategic competences are becoming important for East Asia. By cultivating security partnerships with important regional players and following a dynamic maritime diplomacy, India has sought to enlarge its engagement with this region.

India requires Japan’s capital for investment in infrastructure development. Sustainable and inclusive economic growth is India’s foremost concern. India needs extensive investment in quality infrastructure to enable high economic growth. A 2009 McKinsey Report titled *Building India: Accelerating Infrastructure Projects* estimated that, in case the prevailing trends of inadequate infrastructure are not undone, India may experience a GDP loss of US$ 200 billion in the fiscal year 2017. In the Twelfth Five Year Plan, the Planning Commission outlined the requirement of US$ 1 trillion investment in infrastructure. The footprint of Japanese ODA in India is expanding in the infrastructure sector, including power, road and highways, shipping, bridges, water supply and sanitation, urban transport, environment and forests, thus facilitating financing for infrastructure which will enable Indian economic progress. Japan’s inherent strength in capital-intensive long gestation projects, and India’s budgetary constraints with regard to infrastructure, complements the India-Japan courtship.18 Through the JICA (Japan International Cooperation Agency), Japan disburses bilateral loans, grants, aid, and technical cooperation assistance. India features among the top recipients of Japanese ODA since 2003–2004, and India’s cumulative ODA loan obligation as of May 2013 amounts to ¥3909.646 billion.19 During the September 2014 summit meeting, Japan assured India of US$ 33.5 billion public and private investment and financing including ODA, and the doubling of Japanese FDI and the number of companies in India over the coming five years. These investments are targeted at next generation infrastructure, connectivity, transport system, smart cities, manufacturing, clean energy, and skill development.

Moreover, India’s energy appetite is expanding to fuel its economic engines. Energy starved India considers nuclear energy as an indispensable element of its national energy mix, and aims to achieve 20GW nuclear capacity by 2020. With tall plans for nuclear energy, it is indispensable for India to manage support from innovative nuclear technological bases, including Japan, to strengthen its civilian nuclear industry.20 By 2020, India intends to build 18 more nuclear power reactors which may, perhaps, amount to US$ 86.1 billion market.21 Being a leader in civilian nuclear technologies, Japan is critical for India for sourcing nuclear generation technology and the development of India’s nuclear industry. A civil nuclear cooperation agreement with the Japanese
allowing transfer of nuclear technology to India is imperative for enabling India’s growth. Toshiba, Hitachi, and Mitsubishi Heavy Industries are leading nuclear power businesses in the international market, and civil nuclear agreements with them will prove beneficial for both India and the Japanese firms owing to the enormous scope for investment in the fast expanding nuclear energy market of India, and to further cooperate in the development of newer and advanced fuel cycle technologies.22

Another critical area for India is to secure the supply of high-end defence technology from Japan. Japan is among the foremost manufacturer of sophisticated military technologies. India urgently needs defence technology trade as well as the joint development of military hardware. Japan’s easing of a self-imposed ban on weapons exports in April 2014 has raised India’s hopes about new vistas of cooperation. While Russia, Israel, and the USA provide India with relatively advanced defence technology, India also is in need of diversifying its sources for high technology trade. India is discussing the possibility of sourcing Japanese defence technology since 2006. A consultation mechanism for high technology trade was instituted in 2007, which deliberated on how to loosen Japanese principles concerning arms export to India. While India had assured the Hatoyama administration that such technology would not be shared with third countries,23 considerable progress is yet to be made on high technology trade. Meanwhile, the Joint Working Group (JWG) negotiation on the ShinMaywa Industries Utility Seaplane Mark 2 (US-2) amphibian aircraft is ongoing. India reportedly plans to obtain 15 US-2 aircraft, following a Request for Information (RFI) in 2010–11 which will be used in patrolling the Andaman and Nicobar islands, and conducting search and rescue operations in the Indian Ocean. Both countries are weighing the possibility of assembling the US-2 aircraft in India which will provide India the opportunity to access Japanese military technology.

Strategic Autonomy vs. Quadrilateral Initiative (QI)/Democratic Security Diamond

The notion of strategic autonomy is the guiding principle of the Indian strategic goal. It has shaped India’s ‘reluctance’ with regard to joining many multilateral security frameworks.24 Prime Minister Abe has been the architect of value-based arrangements underscoring freedom and democracy. During Abe’s first tenure, he took the initiative to upgrade the prevailing trilateral security framework involving the USA, Japan and Australia into a quadrilateral setting by incorporating India, which is perceived as the critical swing state. Thus,
Abe conceptualized the idea of QI involving Japan, the USA, Australia and India. In Prime Minister Abe’s second tenure, he revitalized his strategic vision when he articulated his Asia’s Democratic Security Diamond concept involving the same players as the QI. While in his former term, Abe focused on Eurasia with his Arc of Freedom and Prosperity notion, in this term he is absorbed in devising an arrangement meant to manage the Chinese posture in the maritime landscape of the South and East China Seas.

While Australia and Japan are important US allies, the Indian policy elite are determined not to participate in any formation which dilutes India’s strategic autonomy. Any security arrangement that is US-centric, or perceived as an Asian NATO, compromises India’s foreign policy orientation. Owing to the trends in Chinese militarisation, and the lack of transparency in defence spending, Japanese policy elites analyse China through a strategic prism differing from countries in favour of engagement. Even though Japan formally refutes that the containment of China is ingrained in their security arrangements, Abe is pursuing to hedge China by factoring in India into the strategic outreach. While Australia and India have pointed out that they do not mean to contain China by way of their security frameworks with Japan, Abe’s QI has suffered owing to the lack of interest among other players. Japan’s apparent incapacity to process Chinese ascent by way of regional engagement or containment, unfolds the possibility of Japan being pressed into consolidating its military power by risking the escalation of conflict. While Abe’s first term underscored India’s significance in his ‘broader Asia’ framework, India has opted for a measured response in keeping within the parameters of its own strategic orientation.

India’s approach towards geopolitical realities is guided by a balance between engagement and autonomy. Often, India’s strategic autonomy is questioned owing to the depth of its engagement with the USA. While the debate is intensifying in India concerning its evolving relations with the USA vis-à-vis its strategic autonomy, there are numerous instances demonstrating India’s resolve to underscore its strategic orientation. There have been many instances of this in the recent past: in 2011, India did not opt for US Boeing F/A-18E/F and Lockheed Martin F-16IN 2011 while purchasing 126 medium multi-role combat aircraft; in the 2013 Devyani Khobragade case; India’s position vis-à-vis the issue of Climate change and Doha round of WTO negotiations, etc. Being an immediate neighbour, India’s engagement with China is being carefully nurtured – and this despite the border issue – owing to the deepening economic content between them. A stable bilateral relationship and peaceful rise together is indispensable for India’s development.
as well as regional peace and stability. Indian leadership has refused the rationale of the ‘China threat’, and underscored categorically that India’s engagement with countries like the USA and Japan is not aimed at any third country. Former Defence Minister, Pranab Mukherjee, argued that India in no way believes in ‘the policy of containment’ since ‘there is enough space in which both China and India can develop. The efforts of India are not competitive but complementary with each other’. While Abe and Taro Asô’s constructed the QI to refute Chinese influence, and propagated the ‘concert of democracies’ rationale aimed at containing China, India is ‘unlikely to allow itself to be tugged away from its position of non-alignment by Japan in order to balance China.’

**Impediments**

While the Abe administration is in favour of nuclear exports to boost Japan’s economy, one of the biggest hurdles in redefining India-Japan bilateral relations is negotiating the Agreement for Cooperation in the Peaceful Uses of Nuclear Energy. Despite the 2011 Fukushima Daiichi nuclear catastrophe, and severe reservations of the domestic anti-nuclear interest groups, Japan has negotiated agreements with a number of countries (including Jordan, and Turkey) while negotiations are on-going with Saudi Arabia, and the United Arab Emirates. Abe is also lobbying with governments in Central Europe. However, among all the agreements, negotiations with India are difficult for Japan since India has nuclear weapons, it never joined the Nuclear Non-Proliferation Treaty (NPT), and neither did it sign the Comprehensive Nuclear Test Ban Treaty (CTBT). While Japan.

On the other hand, India maintains that, this should not pose any problem. Following the 2008 Nuclear Suppliers’ Group (NSG) waiver, India has entered into civil nuclear agreements with several countries including France, Argentina, Russia, Mongolia, South Korea, Kazakhstan, Canada, and Namibia despite being a non-signatory to the CTBT. Moreover, the Indo-US Civil Nuclear Agreement of 2008 is the framework on which India wants to model her subsequent agreements wherein India’s unilateral commitment to abstaining from nuclear tests is acknowledged as an adequate guarantee.

Abe is navigating through the difficult choice of Japan’s position on nuclear non-proliferation and the commercial interests of Japanese nuclear businesses which are struggling to cope with the post-Fukushima financial loss. Moreover, the agreement is vitally important for French and US nuclear businesses. Without the India-Japan civil nuclear agreement, their projects
in India are unable to make progress since critical components for the nuclear reactors are expected to be provided by Japanese corporations. For instance, Toshiba, Hitachi and Mitsubishi have stakes in Westinghouse, General Electric and Areva, respectively. The nuclear lobby is exerting enormous pressure on the political leadership of Japan to facilitate nuclear technology export to compensate for the loss following the Fukushima nuclear meltdown and offline reactors at home. Delay in negotiations runs the risk of escalating costs. However, once the differences are addressed, this agreement is expected to cement a strong foundation, further consolidating the bilateral relation.

Another critical issue in the bilateral relationship between India and Japan which needs urgent attention is addressing the low bilateral trade profile. While the bilateral trade figure between the two countries is expanding following the 2011 Comprehensive Economic Partnership Agreement (CEPA), it reflects a trade imbalance in favour of Japan. This is likely to continue in the near future. While India-Japan bilateral trade represents approximately one per cent of Japan’s overall foreign trade, it amounts to 2.2–2.5 per cent of India’s total trade.

Moreover, trends in Japanese FDI reflect untapped potential. Japanese companies invested US$ 15.359 billion in India between April 2000 and December 2013, accounting for seven per cent of the total FDI inflow into India.\(^35\) Japanese FDI has primarily been in several sectors, including automobile, electrical equipment, pharmaceuticals, trading, and telecommunications. In the 2011 and 2012 Japan Bank of International Cooperation (JBIC) surveys, India featured as a ‘promising country over the long term’. However, India comes after China in the category of a promising destination for overseas operations vis-à-vis key industries, including chemicals, general machinery, electrical equipment and electronics. The Japan Chamber of Commerce and Industry in India (JCCII) has often argued the case of hurdles to Japanese investments in India being related to red-tape, the tax system, banking, logistics and distribution, visas and infrastructure. JCCII underscore that low coordination and cooperation among the central and state governments is affecting Japanese investments in India.\(^36\) Another concern for the policymakers is to evaluate the performance of Japanese companies in India vis-à-vis the Koreans. While the footprint of Japanese corporations in Indian market expanded 16 per cent from the earlier year, the Korean companies are comparatively more successful in operating in the Indian market despite encountering similar sets of challenges vis-à-vis high tariffs, bureaucratic bottlenecks, poor infrastructure, etc.\(^37\)
Conclusion

In conclusion, it is clear that evolving geopolitical realities are shaping the India-Japan relationship. While the ‘China threat’ theory and declining US influence in the region is making Abe explore alternatives like India, India is expected to pursue its quest for multi-polarity, great power identity, as well as pragmatically engage with all the important players in the fast altering security environment to ensure regional peace and stability so critical for facilitating development. Japan is vital in India’s Look East, Engage East, and Act East policies. Shared values and a convergence of interests in the post-Cold War era, as discussed earlier, has pushed the relationship from one of mutual reluctance to deep-rooted trust and cooperation. China has vehemently conveyed reservations vis-à-vis any arrangements perceived to be aimed at its encirclement – for instance, QI, the Malabar exercise, etc. While Chinese policy elites often argue that Japan is fabricating the ‘China threat’ theory and misleading the international community, they are cautiously measuring the developing India-Japan relationship, and often say that India is leveraging the geopolitical fault lines of East Asia. Scholars argue that India is garnering concessions in terms of capital, technology and investment to facilitate its own economy rather than siding with either China or Japan. While the containment of China has never featured in India’s strategic discourse, engagement with all the actors in the region – including China, Japan and USA – to uncompromisingly pursue the goal of multi-polarity is India’s objective.

While the Special Strategic and Global partnership is the spin-off of decades of diplomatic investment, this is the opportune time to demonstrate political will in addressing challenges, and enabling the relation between two natural allies to graduate to the next level. Mutual trust has been strengthened over the years with Japanese emergency support following the double liquidity crisis and the balance of payment predicament in 1991; security dialogues on the 2+2 format; bilateral exercises of the Japan Maritime Self-Defence Force (JMSDF) and the Indian Navy, Malabar exercises, coast guards exercises; Comprehensive Economic Partnership Agreement; cooperation on UN Security Council reforms, and so on. However, the scope of the partnership needs vertical and horizontal extension, as also delivery on difficult issue areas – for instance, high-end defence technology trade, civil nuclear energy cooperation, skill development, and so on. Since Japan is partially undoing its self-imposed arm’s export ban and redefining its security posture, new opportunities of cooperation should be explored.
Notes


9 National Defence Program Guidelines for JFY 2014, Ministry of Defence Japan


15 Mathur, n. 5.


Pravakar Sahoo, “The Impact of Japan’s Official Development Assistance (ODA) on Indian Infrastructure”, Policy Research Institute (PRI), Ministry of Finance, Japan, and Institute of Economic Growth (IEG), Delhi, India.


David Brewster, ‘India’s Ocean: The Story of India’s Bid for Regional Leadership’, Routledge,


China has emerged as one of India’s biggest trading partner. Bilateral trade was only of US$ 7 billion in 2004, which rose to US$ 38 billion in 2008 and to US$ 65 billion in 2013.


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