



Gateway

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President's Message



Dear Friends,

It was indeed a proud moment for India and its 1.4 billion people as the Chandrayan 3 made a successful completion of its lunar mission on August 23 leaving its permanent imprint on the south pole, an area that no nation has ventured

into. The Indo Japan Chamber of Commerce and Industry joins the rest of India and the world in applauding the Indian Space Research Organisation (ISRO), a dedicated group of men and women scientists determined to take the cause of science forward. More power to the ISRO as it now looks beyond the Moon!

The IJCCI is also pleased to take note of the acceleration of the Indian economy as the International Monetary Fund is projecting a growth rate of 6.1 percent for 2023. With some analysts maintaining that China is seeing some difficult times in economic sectors, particularly in real estate, policy makers in New Delhi will undoubtedly keep a careful watch on key indicators including domestic demand. In the midst of all the global uncertainties it is indeed heartening to see India-Japan strategic and economic relations are growing from strength to strength. In the recently concluded meet in July 2023, Foreign Ministers of Japan and India affirmed to continue to advance cooperation in the field of defense and security cooperation. The ministers concurred that the Japanese and Indian public and private sectors would work together toward the target of 5 trillion yen in public-private investment and loans to India over the next 5 years.

I am personally delighted to share the news that the Secretary General of Indo-Japan Chamber of Commerce and Industry, Ms. Suguna Ramamoorthy, was commended with an award by the Consul-General of Japan for dedicated efforts in strengthening Japan-India relations. For close to three decades Suguna-san has been with the IJCCI and has been instrumental in shaping every one of our activities, be it economic, commercial or cultural.

The IJCCI continues with its mission of furthering ties between India and Japan and will leave no stone unturned in forging closer and stronger relations between our countries in ways the leaders of our two nations have envisioned.

Regards,
T.P. Imbichammad

Kudos to Ms. Suguna Ramamoorthy and Mr. YAMAUCHI Naoki



Mr. TAGA Masayuki, Consul-General of Japan, Chennai presented commendation awards on 9th August 2023 to Ms. Suguna Ramamoorthy, Secretary-General, IJCCI and Mr. YAMAUCHI Naoki, Dahlia Restaurant, for their Outstanding Performance in furthering Japan-India relations on 9th August 2023.



Indian economy gains

The International Monetary Fund (IMF) on July 25 projected a growth rate of 6.1% for India in 2023, which is a 0.2 percentage point upward revision compared with the April projection. This is reflective of the “momentum” from stronger-than-expected growth in the fourth quarter of 2022 as a result of stronger domestic investment, the International Monetary Fund (IMF) said. According to the report, global growth is projected to fall from an estimated 3.5% in 2022 to 3% in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024, it said. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward, it said.

15th India-Japan Foreign Ministers' Strategic Dialogue



External Affairs Minister of India, **H.E. Dr. S. Jaishankar** held the 15th India-Japan Foreign Ministers' Strategic Dialogue with **H.E. Mr. Yoshimasa Hayashi**, Minister of Foreign Affairs of Japan on 27 July 2023 in New Delhi.

Japan Power companies perform well

Nine of Japan's 10 major power suppliers posted group net profits for April-June 2023, thanks to fall in the prices of liquefied natural gas and other fuels for electricity generation, according to their earnings reports released by Wednesday. Eight of the nine lucrative firms, excluding Tokyo Electric Power Company Holdings Inc., logged record net profits for the three-month period. Of them, Chubu Electric Power Co. enjoyed the largest profit of ¥202 billion, up ¥20.5 billion from a year earlier. On top of Chubu Electric, Hokkaido Electric Power Co. and Shikoku Electric Power Co. saw their net profits grow markedly. Tohoku Electric Power Co., TEPCO, Hokuriku Electric Power Co., Kansai Electric Power Co., Chugoku Electric Power Co. and Kyushu Electric Power Co. achieved turnarounds partly thanks to hikes in electricity rates for households in June upon government approval. For the full business year to next March, eight companies excluding TEPCO and Okinawa Electric project black ink. Kansai Electric and Kyushu Electric, both of which have restarted nuclear reactors, and Chubu Electric, which has raised its electricity rates for corporate users, are forecast to post record net profits.

Japan's current economic snap shot

Japan's economy grew at a stronger-than-expected annualized real 6.0 percent in the April-June 2023 quarter on robust auto exports and a revival in inbound tourism. Private consumption dipped 0.5 percent as rising prices for everyday goods hit consumer spending and durable goods sales declined, more than offsetting strong demand for services such as dining out and hotel stays. Capital investment, another key component of domestic demand, grew 0.03 percent, rising for the second straight quarter, supported by software-related spending. The slight increase came despite an earlier Bank of Japan survey showing that companies have bullish investment plans for the current business year to next March. Japanese companies are ramping up investment on digital and green transformations as well as in automation to cope with acute labor shortages. Japan's inflation rate is forecast to remain elevated even as the impact of surging import costs for fuel, raw materials and food have been waning. The BOJ, for its part, has stuck to ultralow rates, assessing that stable 2 percent inflation has not been achieved. A weaker yen has inflated import costs for resource-scarce Japan, while benefiting exporters by boosting their overseas earnings and enhancing the purchasing power of foreign visitors as Japan revs up inbound tourism. Exports jumped 3.2 percent after the easing of supply disruptions boosted auto exports. A steady recovery in the number of foreign tourists to Japan continued to give the economy a boost, with their spending counted as exports in GDP. Imports, meanwhile, fell 4.3 percent amid decreased energy and COVID vaccine imports. Economists say the world's third-largest economy is forecast to see modest growth in the coming quarters. "Spending by inbound tourists will likely increase in July to September but we cannot expect high (GDP) growth to continue because of weak domestic demand," according to Mr. Toru Suehiro, chief economist at Daiwa Securities. Public investment rose 1.2 percent. Nominal GDP grew 2.9 percent from the previous quarter, or 12.0 percent at an annualized rate.

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Interactive Seminar with Students at IJCCI



Dr. Sridhar Kirshnaswami at an interactive seminar with students of Women's Christian College doing International Relations PG course, learning Japanese language, art and culture at IJCCI with the guidance of Ms. Matengi Suresh, Japanese teacher at IJCCI.

Chandrayaan-3's historic soft landing in the Lunar South Pole – Exploring the untouched territory

August 23rd marks the beginning of a new era in the lunar exploration, as ISRO's 'Chandrayaan-3' successfully makes the most challenging soft landing in the Lunar South Pole. Adding to this success, 'Vikram' Lander successfully deployed the Rover 'Pragyaan' on the lunar surface. Only a very few countries have proved its landing and roving capabilities on another planetary body. This remarkable technology demonstration makes India the first country to land in the Lunar South Pole and the fourth country to land on the Moon after the USA, the former Soviet Union and China. The uniqueness of ISRO lies in its cost-effective and successful space launches, attracting a number of space agencies to collaborate with ISRO to launch their satellites and payloads. The world is awestruck by the budget of 'Chandrayaan-3', which is just \$75 million- less than half the budget of Christopher Nolan's movie 'Interstellar', costing \$165 million!

I had the unique privilege of organizing an outreach event at the Leiden Observatory to watch the Chandrayaan-3's 'Vikram' landing LIVE. More than 50 international astronomers and astrophysicists joined me in watching this historic event. There was curiosity, enthusiasm and great happiness in everyone. The audience thundered with claps and cheers on successful landing. I had great pleasure in explaining the success stories of ISRO and about the science goals of the 'Vikram' Lander and 'Pragyaan' Rover. I could feel the curiosity in every mind on the scientific outcomes as India has now touched the untouched territory.



Top panel – Snapshots of Astronomers and Astrophysicist at the Leiden University watching the Live telecast of Chandrayaan-3 landing event.
Bottom panel – The extraordinary moment of the lander touchdown and the emergence of rover from the inclined door of the lander.

What next? Following the discovery of water ice in the Lunar South Pole by Chandrayaan-1 mission, many space agencies have started targeting this region for further exploration, understanding the significance of the presence of water on the Moon. The global interest to land and investigate the Lunar Surface is evident from the number of missions from the government and private space agencies which have lined up to launch in the near future. The Japan Aerospace Exploration Agency - JAXA's 'SLIM' (Smart Lander for Investigating moon) to be launched in September 2023; Intuitive Machines 'Nova - C' scheduled to launch on 15th November 2023; NASA's crewed mission 'Artemis - 2' to be launched in November 2024 are some classic examples. ISRO's next venture to the Moon, 'Chandrayaan-4' (or LUPEX) is going to be a joint mission with JAXA with more sophisticated payloads onboard, the lander and the rover, and would be ready for launch in late 2025.

- Dr. Pavithraa Sundararajan, Molecular Astrophysicist, Leiden University, The Netherlands

Foxconn sees potential to invest billions in India

Foxconn, also known by its official name Hon Hai Precision Industry, is the world's biggest contract electronics manufacturer, the Taiwanese tech giant and key Apple supplier sees the potential to invest "several billion dollars" in India, with the firm looking to diversify its manufacturing away from China. It operates in more than two dozen countries but the bulk of its operations is based in China - a dependence it is looking to reduce, with media reports of major investments in India. "From the perspective of India's potential market size and if we can fully implement our plans there, I think several billion dollars in investment is only a beginning," Foxconn chairman said. Foxconn in May announced the purchase of a huge tract of land on the outskirts of Indian tech hub Bengaluru for \$37 million. It currently operates about nine production campuses and has more than 30 factories in India, with "turnover of business size of roughly \$10 billion annually", according to Liu. The company is planning to expand its India operations to "critical components" for consumer electronics and electric vehicles to boost its competitiveness. "Shipping (for critical components) will probably have to wait till next year but this year, relevant constructions have started," Liu said, adding the operations will take place in three states in India.

Japan core consumer price increase

Japan's core consumer prices in July rose 3.1 percent from a year earlier, well above the Bank of Japan's 2 percent target, as food and service price hikes kept the overall inflationary trend intact, according to recent government data. The nationwide core consumer price index, excluding volatile fresh food items, rose for the 23rd straight month, amid emerging signs of entrenched inflation hurting consumer sentiment. The key gauge of inflation slowed from 3.3 percent in June as the impact of higher fuel costs, a major driver behind the recent bout of cost-push inflation, has been waning, according to the Ministry of Internal Affairs and Communications. The gauge remained above the BOJ's 2 percent target for the 16th straight month. The core-core CPI, which reflects the underlying inflationary trend by stripping away volatile energy and fresh food prices, rose 4.3 percent, accelerating from 4.2 percent in the previous month. "With inflation entrenched and real wages falling, there is concern about the negative impact on private consumption," said Shinichiro Kobayashi, a senior economist at Mitsubishi UFJ Research and Consulting. Japan's economy grew for the third straight quarter in April to June but private consumption, which accounts for more than half of gross domestic product, unexpectedly fell even as strong catch-up demand for dining out and traveling remained. Food prices jumped 9.2 percent while durable goods saw a 6.0 percent increase. Service prices increased 2.0 percent, marking the sharpest gain in roughly three decades without the effects of past consumption tax hikes, after price hikes were largely seen among goods. Accommodation fees jumped 15.1 percent during the summer holiday season, partly because of some curtailment of government subsidy programs aimed at spurring tourism in the aftermath of the COVID-19 pandemic. Mobile communication fees surged 10.2 percent, accelerating at the fastest pace since comparable data became available in 2001.

Energy prices dropped 8.7 percent, aided by government subsidies to curb household utility bills that helped pushed down the core CPI by around 1 % point. The BOJ has already lifted its inflation outlook for fiscal 2023, forecasting the core CPI will rise 2.5 percent but undershoot its 2 percent target in the following two years. While maintaining its program to keep borrowing costs depressed, the BOJ in July loosened its grip on 10-year Japanese government bond yields, allowing them to rise more. The central bank has stressed the need for sustained wage growth to achieve its 2 percent price stability target, saying the recent bout of inflation has been largely caused by higher import costs, not strong demand. Kobayashi said more companies have been raising prices to pass on higher labor costs particularly in sectors that are short of labor such as restaurants, in addition to those coping with high raw material prices. "Corporate earnings are expected to be robust so the question is whether they will continue raising wages. If that pass-through to wages doesn't happen, consumption will take a hit," Kobayashi added. Economists say recent cost-push inflation has already peaked, after the core CPI surged 4.2 percent earlier this year. But it is expected to slow only moderately in the coming months, with eyes on whether the government will extend the energy-related subsidy programs beyond this fall. Another concern is the weakness of the yen, which inflates import costs for resource-scarce Japan. The Japanese currency remains under selling pressure, even after the BOJ's decision to make its yield cap program more flexible and narrow interest rate differentials with the United States.

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