



INDO-JAPAN CHAMBER OF COMMERCE & INDUSTRY

Japan and India: The Challenges of 2017

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Special Assistant to the Vice Chancellor,
Professor, Dept. of Journalism and Mass Communication,
Faculty of Science and Humanities,
SRM University, Chennai

PREFACE

2017 is going to be a challenging year for Japan and India. This Resource Paper throws light on some of the challenges facing both the countries. But there is an undercurrent of confidence that Japan and India will emerge stronger and closer in the coming decade.

We hope this Resource Paper must be interesting reading.

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N. Krishnaswami
Chairman

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ABSTRACT:

The increasing belligerence of China, a Russia that is keen on bouncing back as a major actor in global affairs and an United States in the hands of a Trump Presidency from January 20, 2017 have raised the stakes in the international system. This phenomenon along with the rightward trends in Europe have placed added pressure on key players like India and Japan who are trying to fathom a relationship factoring in the existing and dawning realities of the Asia Pacific. What are the challenges and opportunities for these two Asian nations as they wade through troubled waters? A comment.

The year 2017 promises its share of challenges for the Asia Pacific but the question is if it is also going to come up with an equal amount of opportunities for nation states in the area to realize the full potential individually and collectively. India and Japan are major players in the Asia Pacific who are trying to shape a partnership that maximizes the width and depth of the bilateral relationship as well as maintaining an aura of peace and stability in the region, which has not been easy by any stretch of imagination in the recent past.

In ways more than one, India and Japan are in different neighborhoods but the problems faced by the two nations are somewhat similar. South Asia with India as the dominant power is a highly troubled region, not just on account of military rivalries and internal discontent. The region has at least one nearly failed state - Pakistan - constantly harping on "loose" talk of use of nuclear weapons; with the same state seen

as the epicenter of global terrorism; and of a political system that is clearly out of touch with the global realities and yet masquerading as a responsible actor regionally and globally.

East Asia is a part of the world that has its share of worries as well. And heading this list will be the regime of Kim Jong Un of North Korea which competes vigorously with the civilians and brass hats of Pakistan in the irrational talk of the use of nuclear weapons and even going to the fantasy thinking of wiping out cities in the United States with long range missiles. All this in the midst of abject poverty and near total hunger in that economically impoverished nation, propped up only by communist. In recent times even Beijing has become a little wary of the antics of its client state and rightfully so.

South Asia and East Asia have another thing in common as well - terrorism. Regionally, nations in South Asia have condemned terrorism emanating from Pakistan and unleashed across the border against India with few even in the comity of nations unwilling to accept the face of innocence put up by Islamabad. And the dreaded ISIS recently murdered two Japanese nationals as a way of retaliation for Tokyo's official aid packages to countries in the Middle East, notably Egypt. For a country that has long battled the Japanese Red Army, the brutal killing of its nationals by the ISIS was a wake up call to the growing realities of international terrorism. And Tokyo is quite aware of the kind of activities that Pyongyang has indulged in East and South East Asia, from kidnappings to organized and supervised acts of terror.

The challenges to India and Japan in the Asia Pacific go much beyond Pakistan, North Korea and Terrorism. It brings into focus the role of China in South Asia, East Asia and in the region of the Asia Pacific as a whole that has raised eyebrows

not only in New Delhi and Tokyo but also in other capitals of South East Asia, the Pacific and the United States. And the recent cozying up between China and Russia have furthered up the ante with the hope in some quarters that the change of leadership in Washington together with a perceived change in relationship between Washington and Moscow could draw down the anxiety. To India and Japan and in the Asia Pacific, China is the bottom line that all nations, directly and indirectly, are working to address. Just how precisely this is going to be done remains to be seen.

Obviously the leaderships in New Delhi and Tokyo will not want to be seen as seeking a partnership or fine tuning their relationship to “contain” or “encircle” China; yet at the same time India and Japan cannot be blind to what China has been doing in the Asia Pacific. In South Asia, Beijing has undoubtedly been working to keep a check on India by seeking political, military and economic alliances with countries in the neighborhood. That New Delhi could have missed opportunities for the same is a valid argument; but in the new dispensation the Modi government is seeking to put in place a policy that is cohesive keeping in mind the longer term points of view.

Both India and Japan have seen with concern the deliberate militarization of the South China Seas by China which has brought forth strong responses from countries like Vietnam and the Philippines, two of the six claimants to the chain. India is drawn to the area not only for the rights of freedom to navigate but also commercial prospects through association with Vietnam. The bottom line to both New Delhi and Tokyo is one of freedom of navigation and protection of vital sea lanes through which much of oil passes through. The waterways around the Andamans and Nicobar Islands is a case in point for

Japan. Naturally any unilateral attempts to choke the waterways by Beijing will be of heightened tension.

There has been a lot of concern in the recent past of the role of the United States in the Asia Pacific that has been watched quite carefully by both India and Japan. From a strategic and security perspective, Japan's perceptions have been pegged to the realities of the Cold War and since the 1990s in the changed and changing scenarios of the Asia Pacific. For a country that was drawn into the Mutual Security Treaty with the United States since the early 1950s, during the Cold War the Japanese were worried that they were going to be dragged into the anti-communist crusades of the United States that manifested itself in a very large way by the Vietnam War. But the end of the Cold War and the rising belligerence of China - and by extension North Korea - from the late 1990s led to a feeling in Washington that the United States may be drawn into the problems of Japan.

And today with the election of Donald Trump as the President of the United States, the perceptions in Japan could well be that Tokyo is going to be dragged into the changed realities and rhetorics. A case in point is that Trump's disturbing views on Taiwan and in a not-so-subtle suggestion that the incoming administration need not be bound by the One China Policy that had been painstakingly set in place over the last four decades or more. Beijing has reacted very strongly to the statements of the incoming administration including that of the President elect, but Trump seems to be unfazed at what has been said. In fact the political leaders must have been taken aback by the turnaround on Taiwan at a time when they were expecting tough talk and action only on the economic front from the incoming Republican administration.

The problem for both India and Japan as far as the future of the American role in the Asia Pacific is in the unknown - the extent

to which Washington is going to be committed in reach and in financial commitment. If the rhetoric in the campaigns are anything to go by already voices against spending too much on behalf of others have been heard. And this brings back to vociferous calls in the 1970s and 1980s about countries like Japan getting a “free ride”. At the same time if Washington under a new Republican dispensation is going to aggressively counter China in the Asia Pacific, it would have to retain the existing force structure, if not substantially add on to the existing capabilities.

Another factor that Japan and India would have to factor in the new scheme of things under a Trump Presidency is the economic angle with trade wars looming large on the horizon. The prospect is not only of a Washington-Beijing showdown, but also one of between Washington and Tokyo and with all countries that the United States posts a trade deficit. How China is going to retaliate in the event of a trade war remains to be seen but to believe that the Asia Pacific is going to be unaffected by this round of acrimony would be naïve.

While it may be too premature to read too much into Trump's foreign policies especially pertaining to the Asia Pacific, initial signals seem to point as being beneficial to India and Japan particularly when seen in the context of China. And some of this has to do with the fashion in which the incoming Republican administration deals with Russia and in the response of Moscow. To see a complete turnaround in Washington-Moscow relations or expecting Vladimir Putin to dance to the tunes of the United States is as naïve as it is silly. But a warming up of the bilateral relations will indeed have a chilling effect on China which has been seeking in the last few years to draw closer to Putin in an effort to check the United States' perceived hostility. The lifting of sanctions on Russia by

the new administration in Washington would mean that Putin does not have to look too far for alternatives - Russia has lost billions of dollars in oil revenues.

Trump is not the only game-changer in the Asia Pacific. China is seeing with concern a change in Moscow's attitude towards Tokyo as well. The dispute over the Kurils is not going to be settled overnight but the visit of Putin to Japan has raised the prospect of both Tokyo and Moscow looking beyond the short term. A Presidential visit from Russia to Japan has taken place after a decade; and Tokyo used the occasion to ink economic deals for US\$ 300 billions, a signal to Moscow that China is not the only alternative for lucrative contracts. Furthermore Putin is simply too smart to be roped into any economic and arms deals with Pakistan courtesy China knowing full well the shortcomings and dangers of dealing with that tottering state in South Asia.

A changed equation between Washington and Moscow will no doubt hurt China's foreign policy goals; and the double whammy to Beijing will be if Moscow and Tokyo move away from political acrimony to finding ways to settle differences. The changed relations between the United States, Russia and Japan will undoubtedly benefit the Asia Pacific and in the process strengthen the political hands of India and Japan in dealing with any rising ambitions of China in the region. Beijing will increasingly find it difficult to push its aggressive posturing as it will find others equally willing to stand tough and principled to outrageous unilateral demands.

The complexities of the international system being what they are, China is well aware of the fact that global governance is bound to be challenging given the political change that has come about or in the near offing in key capitals of the world. A commentary in the *People's Daily* said, "Looking into the next

year, the international situation may become even more complicated posing greater challenges for the development of both China and Russia”, in what seems to be an attempt to look at the impact of a thaw in Washington-Moscow relations. With a Trump administration showing clear signs of staying on the course with India, even more troublesome for Beijing must be the growing political trilateral of Washington-Tokyo-New Delhi with the security and strategic implications that come along with this.

To India and Japan, meeting the challenges of 2017 individually and together is going to take a lot of political courage and foresight. The changing landscape of the Asia Pacific comes with opportunities as well that would have to be channelized in a fashion that does not upset the balance in the region. In the Far East and South East Asia, Japan in spite of all its good intentions still comes with a baggage given the track record in the second world war. The closure of the second world war with respect to Japan has not been completed to some in those parts of the world.

Bilaterally speaking India and Japan have come a long way as entrenched democracies minus any political discomfitures. The two countries are looking to expand the scope of the relationship in a manner that does not spark any tension in the immediate regions and beyond. But New Delhi and Tokyo have to pursue policies in their national interests which may or may not be to the liking of countries in the Asia Pacific; neither can the two countries fashion policies to humor any one or a group of countries in the region.

Fortunately for India and Japan there has not been the recent tendency to harp on the “missed opportunities” of the past. The lack of dynamism in India stemmed not from lack of

policy insightfulness but an obsession with coalition politics often times leading to political paralysis. From a Japan's point of view, red-tapism and corruption were major stumbling blocks as also in an attitude of waiting for the United States to take the lead in setting the tone and tenor. The gradual warming up of Indo-US relations has given a fillip to Indo-Japan relations to the point that Tokyo has signed on to a civilian nuclear arrangement and is now on the verge of getting into high tech defence exports to India.

Against the backdrop of the strategic and political global and regional challenges governments of both India and Japan can take some comfort in that there is strength and direction in governance with the result that both countries are able to look at the future beyond one or two personalities. Prime Minister Abe is in a position to charter a foreign policy for Japan that is progressive in spite of the pressures from the extreme right wing; and his Indian counterpart, Prime Minister Narendra Modi, is seeking to give clarity and long term vision to foreign policy with a view to putting the country among the industrial giants in a globalised world. At the same time both leaders are aware of the fact that nurturing a relationship means dealing with not only challenges but also successfully managing a lasting partnership.





INDO-JAPAN CHAMBER OF COMMERCE & INDUSTRY

No. 21, Kavignar Bharathidasan Road, Teynampet, Chennai - 600 018.

Tel: 91-44-2435-2010 / 2435-4779, E-mail: indo-japan@ijcci.com Website: www.ijcci.com