



**INDO-JAPAN CHAMBER OF COMMERCE & INDUSTRY**

# **India-Japan Relations in a Changing Asia**

**by**

**M.K. Narayanan**



**INDO-JAPAN CHAMBER OF COMMERCE & INDUSTRY**

# **India-Japan Relations in a Changing Asia**

**by**

**M.K. Narayanan**



## **PREFACE**

Japan and India have been friends for a very long time, but it is only recently the relations between the two countries are evolving into a matured partnership. Mr. M.K. Narayanan, who has held very high positions in the Government of India for over 30 years and had been a member for nearly 6 years (2004-2010) as a Special Advisor and National Security Advisor to the Prime Minister of India, was able to have a close look and also shape the policy for the future. In an Address to the Indo-Japan Chamber of Commerce and Industry recently on the occasion of the Inauguration of the Centre for Japanese Studies in the Chamber, has delineated clearly and concisely the evolution and development of India's foreign policy. The Chamber thought that it would be appropriate if his speech could reach a wider audience and hence publishing it as a Resource Paper. We are thankful to Mr. M.K. Narayanan for his address and we hope the readers will find it informative and interesting.

November 2015

**N. Kumar**  
President



## **India-Japan Relations in a Changing Asia**

Recent years have been a reminder that stability is hardly the natural state of either the regional or global strategic environment. Peace, by and large, also tends to be elusive. Regions can often turn anarchic, as we currently see in Syria and Iraq, and some other pockets of West Asia. Central and South Asia have been witnessing years of turbulence and violence, while East Asia has been beset with simmering problems - often threatening to turn into serious conflicts, if not all out war.

With Asia's emergence in the 21st Century as an economic power house, we often hear that the 21st Century belongs to Asia. Former US Secretary of State, Hillary Clinton, observed in 2011, that the history of the 21st Century would be scripted in Asia, and that the Asia-Pacific or the Indo-Pacific would become a key driver of global politics. This has spurred demands today for charting a new Asian history. The well-regarded ideologue and Advisor to former Prime Minister Atal Bihari Vajpayee, Sudheendra Kulkarni argued in a recent news paper article that all history is geographically located and influenced. Similarly, all geography is shaped, defined and redefined by history.

We have today a resurgent Asia - an Asia on the march. New paradigms of thought, action and behaviour are overtaking and replacing old ones. Economic growth is meanwhile conspicuously transforming the Indo-Pacific region. The Asian Development Bank estimates that by 2050 or even earlier, Asia would more than double its share of global GDP to 52%. By 2050, half of the world's top twenty economies will be in the Indo-Pacific. China, Japan and India are by then expected to be among the top five economies of the world.

During the past Century, South Asia and East Asia have had different but not entirely dissimilar experiences. Both regions have faced major conflicts including wars. Since the mid-20th Century, the South Asian region has witnessed four wars between India and Pakistan and one major Sino-Indian confrontation (in 1962). East Asia, starting with the war in Korea, has witnessed wars in Vietnam, Cambodia and Laos.

Pre 21st Century geo-politics has still not disappeared from Asia. Asia's dramatic rise should not, hence, obscure the reality that the region confronts serious challenges, even now. There are both centrifugal and centripetal forces at work. While Asian economies appear integrated to a considerable extent at the political and strategic levels, Asia remains a theatre of conflict and rivalry.

Nowhere is this more manifest than in the current tensions in East Asia. Almost all of these concern China. China appears determined to enforce its ever widening maritime claims in the South China and East China Seas through might. Some of these claims extend more than 1,000 kms. off China's Southern Coast - for which there are multiple claimants. China and Japan, for

instance, have a serious dispute over the Senkaku/Diaoyu Islands in the East China Sea, while the Philippines and Vietnam contest China's claims in the South China's Sea. Across the India-Pacific, there are many other disputes arising out of rights and obligations contained in the provisions of the New Law of the Sea under UNCLOS-III.

Tensions are likely to intensify further given the growing importance of the 'Blue Economy', which has converted the oceans into 'development spaces' intended for conservation, sustainable use, mineral wealth extraction, sustainable energy production and marine transport. Consequently, disputes relating to freedom of access to sea lanes, as well as to oil and gas reserves and lucrative fishing grounds, are set to expand. Already deep sea bed mining has emerged as a contentious issue.

The emergence of an aggressive China has several consequences. The 10-Member ASEAN is today divided. A split Asia, lacking an institutional framework of the kind that helped maintain peace in Europe for the past seventy years, poses a security problem for several of the smaller countries in the region. China dwarfs all other countries of the region - with the exception of India - specially as far as its military muscle is concerned. The one aspect that has possibly prevented any of the serious inter-State conflicts in the region from flaring up into something more dangerous, for the time being is the realization that their economies today are interdependent, even if the security perceptions are different.

The shift in the locus of economic power to the East thus has no doubt enhanced Asia's geo-economic importance, but has aggravated strategic consequences. Asia's power dynamics has consequently become complex. While many of the old sources of



stability in Asia have broken down, many threats have emerged. Growing religious orthodoxy is one. A significant increase in extremist, radicalist and Islamist tendencies is another and is leading to increasing turbulence.

The most important shift, however, has been in the military domain. Military power is often derived from wealth. This is particularly true in Asia of China. China's share in global defence spending has taken a quantum leap over the past two decades: China's new-found wealth has been employed to vastly expand its military capacity, specially in high-tech weaponry so as to 'shock and awe' its neighbours. Acquisition of high-end capability has prompted China to establish 'No-Go-Zones' and also Air Defence Identification Zones (ADIZ) in its vicinity.

As its military strength has grown, so have its militaristic tendencies. China appears buoyed with the US tactical retreat from the Indo-Pacific, notwithstanding talk of the US pivot / rebalance to Asia. Its assertiveness in the East and South China Seas, has already become more apparent. China's 2015 Defence White Paper now talks of shifting from 'off shore water defence' to 'open ocean protection'.

China's main concern it would seem is with India and Japan. Both countries have longstanding disputes with China, and are among the countries that have a capability to pose a challenge to China in the economic sphere. India, for its part, also has the ability to counter China militarily - whether on land, sea or air. China possibly may have an edge over India in the area of nuclear weapons and missiles. It is evident, nevertheless, that India is the only country in Asia that cannot be overawed by China's military might.

As a policy, and despite efforts by several countries, India has avoided entering into any kind of strategic alliance with other countries. It has shunned all attempts to be part of any military alliance. For this reason, India refused to be part of the Quadrilateral (Japan, India, US and Australia), lest China perceives it as directed against it.

India is, no doubt, part of the arrangements in place to deal with maritime challenges, including piracy. It also participates in Naval Exercises involving the US and Japan. The thrust of these Exercises though, is to increase levels of comfort with regard to inter-operability among the concerned Navies, so as to achieve optimum results in humanitarian rescue operations and during natural calamities on the seas. China, however, prefers to see such moves as directed against it, and as 'an index of a growing anti-China coalition'.

Japan's case is different. Years of self-imposed 'pacifism' based on its post war Constitution, have seen Japan voluntarily surrender responsibility for its defence to the US. Till recently, it remained comfortable living under the 'US umbrella', and its external relations involved scrupulous adherence to pacifism.

This is beginning to change, and not only because of the perceived decline in US interest towards the Asia-Pacific. Rather, the shift away from a pacifist Japan and towards a more active defence policy, owes a great deal to the vision of Prime Minister Shinzo Abe. This mirrors a belief that in the context of China's assertiveness in the East and South China Seas, Japan is in no position to defend itself. Also that its Self-Defence Forces are no match to China's military machine.

In this second stint as Prime Minister, Shinzo Abe hence took the initiative to issue a Defence White Paper (July, 2015). This begins with a Preamble, that Japan's security risk has worsened overall. It blames Beijing for 'acting in an assertive manner' and using coercive attempts to change the status quo, particularly on maritime issues. Prime Minister Abe has now taken a number of steps (i) to create a National Security Council; (ii) lay down a National Security Strategy, predicated on strengthening deterrence to ensure Japan's survival; (iii) improve the security environment of the Asia-Pacific region, and reduce direct threats to Japan; (iv) modify Article 9 of the Japanese Constitution so as to exercise 'the right of collective self-defence'; (v) lift the ban on arms exports; and (vi) hike the Defence Budget.

China meanwhile sees an anti-China conspiracy emerging in the region. It envisages India and Japan making common cause, and becoming part of a wider US based grouping to check China's rise. It has openly accused Japan of aggravating tensions 'by maliciously exaggerating the Chinese threat'. It has been more circumspect vis-a-vis India, but it clearly views India as a serious threat to its ambitions of becoming the regional hegemon.

It would be a mistake to view the current warmth in India-Japan relations as some kind of a 'zero-sum' game. Any impression that the warmth derives from a common fear, or concern, about China's ambitions in Asia would be wrong. It is true that India-Japan relations during the second half of the 20th Century tended to be correct, rather than warm. The change took place following the path breaking visit to India of Japanese Prime Minister Yoshiro Mori in 2000. This led to the launch of the Japan-India Global Partnership in the 21st Century. Admittedly, it

took nearly half a Century for the two countries to establish this level of relationship notwithstanding the goodwill for India in Japan in the immediate aftermath of World War II and Justice Radha Binod Pal's dissenting judgement at the War Crimes Tribunal. The visit of Prime Minister Vajpayee to Japan (2001) thereafter opened the way for economic co-operation, and military and counter-terrorism co-operation. The two countries, however, had to wait till Japanese Prime Minister Junichiro Koizumi's visit to India in 2005 for a strategic orientation to be imparted to the Japan-India Global Partnership.

Prime Minister Manmohan Singh - and the Prime Minister's Office during his tenure (of which I was a Member for nearly six years as a Special Advisor and National Security Advisor) - was unabashedly pro-Japan. Prime Ministers Junichiro Koizumi, Shinzo Abe and Yukio Hatoyama visited India during this period, and were among the most favoured foreign leaders. The current warmth between Prime Minister Abe and Prime Minister Narendra Modi is a reflection of the steady build up during the past decade and more.

The years 2005-2009 were probably the most productive to date in terms of economic and defence matters. During Prime Minister Manmohan Singh's visit to Japan (2006), it was decided to upgrade relations to the level of a Strategic and Global Partnership and impart a more comprehensive economic, political and strategic dimension to bilateral relations. The 2006 visit also marked the start of Annual Prime Ministerial Summits which has helped nurture the relationship.

Prime Minister Shinzo Abe's visit to India in 2007 led to the unveiling of a road map titled 'New Dimensions to the Strategic

and Global Partnership'. This provided a new thrust to the India-Japan Political, Security and Defence Co-operation. The 2008 return visit of Prime Minister Manmohan Singh to Japan, expanded the scope of this relationship to cover: long-term strategic and policy co-ordination; Global and Regional affairs in the Asia-Pacific region; and bilateral co-operation within multilateral frameworks such as the East Asia Summit and the ASEAN Regional Forum etc. Security co-operation between the two Defence Ministries, and between the two Coast Guards, were also enhanced. The Strategic and Global Partnership forged between the two countries got a further fillip during the visit of Prime Minister Hatoyama to India in 2009.

During Prime Minister Narendra Modi's visit to Japan (in September, 2014) a 'Tokyo Declaration for India-Japan Special Strategic and Global Partnership' was agreed upon. The two sides endorsed the need to advance peace and stability in the Asia-Pacific region, safeguard maritime security, and ensure freedom of navigation and overflight throughout the region, specially in the South China Sea. Japan and India also signed a Memorandum of Co-operation and Exchange in the field of Defence which also contained a provision for the transfer of defence equipment and technology.

Plans for Joint Naval Exercises between the India and Japan Naval units in the Indian Ocean date back to 2001. Japan was, however, invited only very recently to participate in the Malabar Naval Exercises (which were till then confined to India and the US). A Trilateral dialogue is now being held between India, Japan and the US on a regular basis. A Two plus Two dialogue between India and Japan is in place.

While defence and strategic co-operation have now been included, economic relations have been the bed-rock of the India-Japan relationship. India is the larger recipient of Japan's International Development Assistance. No other country has contributed in the same measure to India's infrastructure and industrial projects. Visible evidence of this is to be found in Japanese assistance to the Delhi-Mumbai Industrial Corridor, the Western Dedicated Freight Corridor, and the Chennai-Bangaluru Industrial Corridor. Japan has very recently offered a soft loan of \$15 billion to finance India's first bullet train linking Mumbai and Ahmedabad.

India and Japan have further agreed on the mutual advantage to both countries of the Regional Comprehensive Economic Partnership Agreement entered between them to facilitate Trade and Goods Services. Likewise both countries have highlighted the utility of the RCEP in increasing investment opportunities.

Where do India-Japan relations go from here? The era of the Indo-Pacific is not an idle dream. Relations between the three major powers in the Indo-Pacific - India, Japan and China - together with the overarching presence of the US - are beset by more contradictions than commonalities. This has led to unsettled conditions in many parts of South, South-East and East Asia, where new patterns of conflict are now in evidence. The dynamics of relations between China and India, China and Japan, Japan and the US, and increasingly, US and India, will have a direct impact in shaping the future of the Indo-Pacific.

Aspects such as security of the Sea Lanes of Communication which are critically important for all Asian nations today, but specially for China, Japan, India and the US, have already been

mentioned earlier. Another aspect viz., the strategic potential of the oceans where deep sea bed mining is becoming of vital importance, has also been touched upon. This latter aspect is leading nations in the Indo-Pacific littoral to increase their Blue Water capabilities, and China is making an all out effort to outpace India and Japan. The last named has been a slow starter, but can be expected to catch up.

China has lately reinforced its aggressive mien, which runs contrary to its professed preference for 'peaceful rise'. The 2015 Chinese Defence White Paper highlights the need to build strong National Defence and powerful Armed Forces as a strategic objective and a security guarantee for China's peaceful development. It further affirms, that China faces more challenges in terms of national security and social stability, and that China must resolutely oppose attempts to instigate a 'colour revolution' in the country, as also protect the security of its Overseas interests and strategic Sea Lanes of Communication. The White Paper also highlights Beijing's intention to further expand the Chinese Navy and extend its range of operations.

China has also re-affirmed its determination to protect its 'core national interests'. By implication, this would mean that China would continue with its assertive external policies. A new element which coincides with China's aggressive pursuit of its 'One Belt, One Road Initiative' and its 'Maritime Silk Road (MSR) Project', is the emphasis on 'strategic opportunities' that have since become available.

China's postures will have major and adverse repercussions as far as its neighbours are concerned. Many of them like Japan have, so far, remained content with the benefit of US protection, but this is no longer the case. The change is already evident, and

new avenues are being explored by many countries in the region including Japan. India would normally have been the candidate of choice for many countries in the region as a possible security provider. India has, however, preferred to remain a 'recessed power', one that refused to enter into any kind of security arrangement directed against a third country.

In the contested geo-politics of the Asia-Pacific, marked by enduring rivalries and conflicts, there is another factor present viz., the presence of many nuclear States - China, Korea, Pakistan and India. The danger of a nuclear conflict is often underplayed, but it is real and should be a matter of serious security concern. Some States do not have a well-defined nuclear doctrine. Others, like Pakistan are enlarging the scope for using nuclear weapons, by experimenting with battlefield or tactical nuclear missiles.

References to possibilities of a genuine strategic partnership between many of the Asian countries, including India and Japan and India and China, are possibly overstated. China, Japan and India have different approaches to the many different, and often contradictory nature of the concentric circles of security and economic relationships. China's is a case apart. For instance, India is only a dialogue partner in ASEAN, and its position is tenuous as far as the East Asia Summit is concerned. Its position in the RECP is uncertain, while it has been excluded from the Trans-Pacific Partnership (TPP) sponsored by the US, in which countries like Japan would enhance their trade competitiveness at the expense of countries like India. Civil Nuclear Co-operation between India and Japan remains elusive.

Hence, and notwithstanding, the growing warmth in relations between India and Japan as their interests in the Indo-



Pacific converge, there is no gainsaying the fact that India and Japan today remain at two different ends of the spectrum on both economic and strategic issues. Their strategic interests may converge, but there are limits on what can be achieved. Defence co-operation again will have to remain restricted for the present.

India, on its part, will hence proceed with care. It requires to build on existing relations with the US and Japan, but this cannot be achieved in a manner that it is seen to posit a direct challenge to China. In January this year, during the visit of President Obama to Delhi, India and the US adopted a document which contained their 'Shared Vision for the Indo-Pacific and Freedom of Navigation in the South China Sea'. This predictably raised China's hackles. Managing the India-Japan relationship on the one hand, US-India relations on the other, and the more critical India-China relations at yet another level, will thus prove to be one of India's more critical challenges in the period ahead.





## **INDO-JAPAN CHAMBER OF COMMERCE & INDUSTRY**

No. 21, K.B. Dasan Road, Teynampet, Chennai - 600 018, Tamilnadu, India.  
Tel: 91-44-2435-2010 / 2435-4779, E-mail : [indo-japan@ijcci.com](mailto:indo-japan@ijcci.com) Website: [www.ijcci.com](http://www.ijcci.com)