



Gateway

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President's Message



Dear Friends,

At the outset the Indo Japan Chamber of Commerce and Industry, Chennai congratulates Her Excellency, The Prime Minister of Japan, Ms. Sanae Takaichi for her impressive win in the recent

elections to the Lower House of Parliament. Her sweeping mandate is at a critical time for India-Japan relations, the Indo Pacific and the international system.

Strong leaders in Tokyo and New Delhi means deeper economic and strategic cooperation, a natural extension of the already deep people-to-people relations that has been the primary source of political ties. The deepening of bilateral relations has to be seen against the backdrop of the two countries actively looking at widening economic and technology relations, both in civilian and defence sectors, so as to realise the potentials and finer objectives of an inclusive and prosperous Indo Pacific. An early visit to India by the Japanese Prime Minister would undoubtedly be yet another milestone in the history of bilateral relations.

There is no doubt that India is marching ahead, regionally and globally, and with growth projected at over 7 percent for Fiscal 2026, there are literally no limitations to the areas where India and Japan can work together. The recent Global summit in New Delhi on Artificial Intelligence was not just another glittering gathering of all those who mattered. It was a pointer to the strengths of India in the field of AI as well as some real internal soul searching on the broad reach and limitations of a field to satisfy the young global minds who are already glued to the various facets of AI keeping their eyes wide open to the ever-expanding avenues.

India and Japan are the two countries that have had to bear the challenge of trade and tariffs, consciously aware of the growing tendencies of sanctions and protectionism in international trade that continue to limit global economic growth. At the IJCCI, we continue with activities promoting bilateral relations.

Regards,

S. Padmanabhan

IJCCI Congratulates Prime Minister of Japan Her Excellency Ms. Sanae Takaichi



World leaders gather at India AI Summit in New Delhi



The huge gathering in New Delhi in February is the fourth in a series of international AI meetings that have been taking place since 2023 in France, South Korea and the United Kingdom. Job disruption, child safety and regulations have topped the agenda of this year's edition. The Summit witnessed unprecedented international participation.

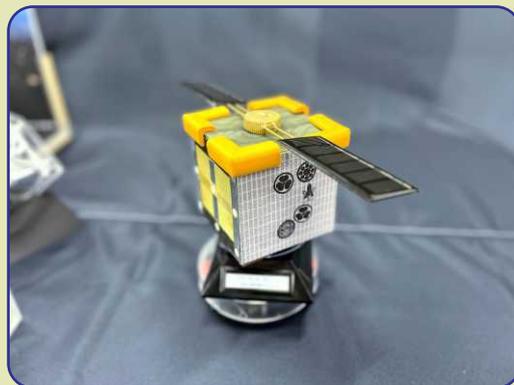
- 100+ global AI leaders, CEOs and CXOs and over 500 leading AI experts from across the world.
- The inauguration was attended by Government representatives from 118 countries.
- More than 5 lakh people, unprecedented youth involvement including over 2.5 lakh students contributed to discussions on responsible and ethical AI, resulting in a Guinness World Record.

Japan to Face Shortfall of 3.39 Million Workers in AI, Robotics in 2040

Japan will face a shortfall of 3.39 million workers in fields related to artificial intelligence and robotics in 2040, according to estimates by the Economy, Trade and Industry Ministry. Only Tokyo, Chiba, Saitama and Kanagawa prefectures will be able to meet demand for the specialized workers, who include engineers responsible for developing and utilizing AI and robots. The result may be severe labour shortages throughout the nation. The industry ministry, the Education, Culture, Sports, Science and Technology Ministry and others plan to form a council at 10 locations nationwide to nurture such talent in local regions and begin discussions aimed at balancing labour supply and demand. The estimates covered three labour categories: specialized, clerical and on-site workers. The estimates say Japan will have a shortage of 1.81 million specialized workers, almost 10% of the 18.67 million needed in 2040. There will be demand for 7.82 million specialized workers in the AI and robotics fields, with only 57%, or 4.43 million, of that demand expected to be met. Similarly, factories, construction sites and service industries will face shortages totalling 2.6 million workers, 8% of the 32.83 million needed. Meanwhile, there will be a surplus of clerical workers, with the supply exceeding the demand of 10.39 million by 4.37 million. In eight regions - not including Tokyo and the other three prefectures - both specialized and on-site workers will be in short supply while clerical workers will be in surplus. The remainder of the Kanto region will have the most severe worker shortage, with a deficit of 890,000. The Chugoku region, on the other hand, will have the least severe shortage, with a deficit of 30,000. Tokyo and the three neighbouring prefectures will face labour shortages only for on-site jobs. Surpluses are seen mostly in clerical workers, for which there will be a lack of 1.93 million jobs. It is said that 1.07 million people who graduate from a general course at high school or major in liberal arts in universities or graduate schools may face difficulties finding employment. The council consists of regional bureaus of labour, economy, trade and industry, as well as local governments, local business organizations and universities, among other entities. It is expected to serve as a forum for formulating human resources development plans based on the estimates and promote collaboration among business, government and academia. Discussions at the council are expected to begin in Hokkaido as early as next month.

Japan University Develops Satellite for Disaster Prevention Measures

Yamagata University will develop and launch its own ultra-small satellite in partnership with a Tokyo-based startup. The university is currently developing a prototype of the satellite, named Benibana-Sat, and aims to put its first satellite into orbit within fiscal 2028. The satellite will be mainly used to obtain clear images of the prefecture. If it becomes operational, it is expected to be utilized as part of measures for disaster prevention as well as against bears. The university signed a contract with the startup Space BD Inc. which has previously worked with the Defense Ministry on a project regarding satellite launches. Space BD will provide support through such means as making basic design of the satellite, while the



university and local companies in the prefecture will develop the frame of the satellite and the software to operate it. Benibana-Sat is an ultra-small satellite measuring 10 centimeters square and weighing about 1 kilogram. It will be transported to the International Space Station and put into a low orbit at an altitude of about 400 kilometers. Benibana-Sat No. 1 will serve as an experimental satellite to verify attitude control, communication with ground stations and the operational status of its equipment in space for about six months. The university and local companies plan to complete a ground prototype by the middle of this year. After checking for defects through vibration and thermal testing, they will proceed to build a prototype that can be launched. The satellite is expected to be completed sometime between the second half of 2027 and early 2028. After, they will apply to receive the Cabinet Office's approval, undergo safety examinations by the Japan Aerospace Exploration Agency and aim to launch the first satellite by March 2029.



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Bilingual Webinar on Union Budget 2026



IJCCI and Grant Thornton Bharat organised a bilingual webinar (Japanese-English) on India Budget 2026 on 11th February. Presentation on the Union Budget was made in Japanese language by Mr. Katsuhei Shirasuna, Director, Japan Services Group in India. Mr. Sridhar R, Partner & Transaction Tax Expert, & Mr. Sohrab Bararia, Partner, India Investment Advisory, Grant Thornton Bharat and Mr. Rajeev Jain, Chartered Accountant, Partner, Walker Chandiook & Co LLP addressed the questions at the open floor. Ms. Suguna Ramamoorthy, Secretary-General presented in Japanese language an overview of the various potential sectors available for cooperation by the Japanese business community. Participants were encouraged to reach out to the host organizations for any assistance.



Mr. S. Padmanabhan, President and Ms. Suguna Ramamoorthy, Secretary-General of the Indo Japan Chamber of Commerce and Industry (IJCCI) Chennai called on Hon'ble Mr. Takahashi Muneo, Consul-General of Japan in Chennai on 16th February 2026 and conveyed their happiness on the recent elections in Japan and congratulated Her Excellency the Prime Minister of Japan, Ms Sanae Takaichi. The Indo-Japan Chamber of Commerce and Industry shares and vigorously promotes the deepening of bilateral relations between the two countries and facilitates continued widening of economic relations and newer avenues of cooperation leading to further bonding between the Japan and India and its people with a view to realizing the larger objectives of an inclusive and prosperous Indo-Pacific.

Nissan agrees to sell South African plant to Chinese automaker

Nissan Motor Co. has agreed to sell its plant in South Africa to Chinese automaker Chery Automobile Co. some time in mid-2026. The move clarifies which seven factories worldwide Nissan plans to exit as part of its restructuring efforts. The South African plant has produced Nissan's Navara pickup truck. The company said it will continue vehicle sales in the country after divesting the plant, including through imports, to retain a local market presence. The other six factories targeted for consolidation are in Argentina, Japan, India and Mexico. © KYODO

India, Russia moving confidently to achieve USD 100 billion trade target by 2030

“India and Russia are moving confidently to achieve a target of USD 100 billion in bilateral trade by 2030 and steps are being taken to expand the trade basket. The past year has been particularly active. We had a very successful visit of President (Vladimir) Putin. Achieving the bilateral trade target of USD 100 billion by 2030 is eminently possible”, according to the Indian Ambassador Mr. Vinay Kumar. “Steps are being taken, including identification of new items, and a free trade agreement will facilitate the achievement of this target,” he added, noting that trade has increased with new opportunities in fertilisers, agriculture and engineering. According to reports, in FY 2024–25, India-Russia bilateral trade reached a record high of approximately USD 68.7 billion due to massive import of Russian crude. “More of the trade is being conducted already in the national currencies and this trend will continue as we further deepen trade and economic ties,” the ambassador said.

(The Yomiuri Shimbun)

Highlights of Union Budget 2026

- The Union Budget 2026-27 focuses on driving long-term growth through a 9% increase in public capital expenditure to Rs. 12.2 lakh crore with special emphasis on infrastructure, manufacturing, and green energy.
- Defense budget allocation increased to Rs.7.85 lakh crore.
- Manufacturing & "Make in India" - specific incentives for Electronic Components, Textiles, Rare Earth Magnets and the India Semiconductor Mission (ISM) 2.0.
- Sustainable Energy & Tech-focus on green energy, solar, and establishing AVGC (animation, gaming) labs in schools.
- Foreign investment - Non-residents can now invest up to 10% in Indian listed equities via the Portfolio Investment Scheme.
- Healthcare-development of five regional medical hubs and new AIIMS.
- Rural/Agri- 27% increase for fisheries/livestock and PMGSY Phase-5 for rural roads.

Japan - the land of Opportunities

Chitra Krishnasswamy CBSE School, near Kanchipuram hosted an enriching orientation programme on Introduction to Japan - Language, Culture and Opportunities for students and parents on 25th February. The session saw enthusiastic participation from Grade 3 to Grade 12 students. Ms Suguna Ramamoorthy, Secretary General IJCCI highlighted the various aspects of Japan, including its people, society, safety and the importance of learning a foreign language. Students were motivated to explore Japanese language as



a valuable global skill. Course Director Ms. Matengi Suresh and language teacher Ms. Padma Rajagopal conducted an interactive JikōShōkai (self-introduction) session involving both students and parents added to the learning experience, followed by a delightful origami demonstration that brought cultural learning to life. IJCCI extends its sincere thanks to Dr. Sangeetha Vishnu Prasad, Secretary of the School for initiating and supporting this meaningful learning opportunity.

India amends tax treaty with France, cuts dividend tax for major investors

India has revised its three-decade-old tax treaty with France, which will help major French companies save millions of dollars in dividend levies, while it also broadens New Delhi's powers to tax certain transactions. Under the new rules, French companies holding at least 10% in an Indian entity pay a 5% tax on dividends, down from 10% earlier. For minority French shareholdings of 10% in Indian companies, however, dividend tax will rise from 10% to 15%. The new tax treaty would likely have implications for large French portfolio investors, as well as companies like Capgemini, Accor, Sanofi, Pernod Ricard, Danone and L'Oreal - all of which have expanded their presence in India in recent years. The revised pact also gives India the right to tax gains, and impose taxes on any French entity's share sale, even when it holds less than 10% of an Indian company. The move could impact France-based foreign portfolio investors that owned \$21 billion worth of shares in Indian companies as of January 2026, according to Indian share depository data. Bilateral trade between India and France stood at \$15 billion last year. During French President Emmanuel Macron's India visit in February 2026 the two countries announced a defence cooperation to jointly produce Rafale fighter jets, as well as helicopters.

(The Hindu)

**The Indo-Japan Chamber of Commerce and Industry will be conducting
a multi-sector delegation to Japan in September 2026.
Organisations interested can write to : indo-japan@ijcci.com**

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