



INDO-JAPAN CHAMBER OF COMMERCE & INDUSTRY

**THE GROWING IMPORTANCE OF
INDO - JAPAN RELATIONS**

by
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PREFACE

Dear Readers,

Japan is amongst India's most prominent strategic partners today. Japan was the country the Indian Prime Minister Narendra Modi visited most during his first term and with at least three more in the second term, including his visit to Hiroshima G-7 summit in May 2023. Mr. Modi, has built the India-Japan relationship through a set of nested strategic partnerships, bilateral (India - Japan), trilateral (India - Japan - US; India - Japan - Australia), and quadrilateral (India - Japan - US - Australia). By taking this comprehensive picture into account, one can understand why the partnership appears enduring today and is rated one of India's most successful. For a 'Free and Open Indo Pacific', India is an indispensable partner. The Japanese Prime Minister, Mr. Fumio Kishida has said emphatically that India and Japan are in the extremely unique position in the current global order and there is greater responsibility in maintaining and strengthening it. It would be highly appropriate to request a scholar to enlighten our readers on "Growing Importance of Indo-Japan Relations". We are happy to present an interesting and informative Resource Paper by Dr. Uma Maheswari.

The Author Dr. M. Uma Maheswari, Professor and Head is currently working in the Department of Politics and Public Administration, University of Madras. She has completed 30 years of academic service. She has pursued economics at UG Level and obtained her PG, M.Phil and Ph.D in Political Science. Prior to joining University of Madras in the year 2000 she taught for eight years in Annamalai University. Prof Uma Maheswari specializes in Public Policy, International Political Economy and Comparative Government and Politics. She is guiding M.Phil and Ph.D candidates. She has to her credit the research projects sanctioned by ICSSR, UGC, BPR&D and Ministry of Higher Education, Govt. of India. She has attended and presented papers in various national and international conferences and seminars. Dr Uma has also contributed articles to Journals and text books. She has also organised many lectures, sessions and seminars. Dr Uma is a member of research bodies like IPSA, IIPA and ISC. She has held positions in various academic bodies and administrative units of UNOM.

Dr. Uma was one of the main speakers at the two-day international conference, 'India and Japan in Free and Open Indo Pacific' organised by IJCCI in 2022 and her speech was highly appreciated by scholars from Japan and India. **Happy reading !**

June 2023

Suguna Ramamoorthy
Secretary General IJCCI

The Growing importance of Indo - Japan Relations

Introduction

Will ancient ties between the land of the rising sun and the Indian subcontinent be of significance in the Contemporary World Politics? What would be the benefits of bilateral relations between them? How could they take up the responsibility to face global and regional challenges and also promote tranquility and stability in Indo - Pacific region and the world at large? These queries set the tone for understanding the concept of “*Strategic Autonomy*” and its application in Indian Foreign Policy since Independence. Indian Leaders have consistently over a period of time fashioned foreign policy deliberating on averting major power influence, protecting economic independence and obtaining prominence at international level. The leaders all through have given great impetus in forming “*Strategic Partnerships*” and the key ones have been with Japan. Japan has a set of nested strategic partnerships, Bilateral (*India and Japan*), Trilateral (*India-Japan and US*) and Quadrilateral (*India-Japan-US and Australia*).

Bilateral relations are the simplest and oldest form of interstate cooperation and means of achieving the foreign policy of a State. India and Japan, two major democracies in Asia, have carried out mutual cooperation reiterating the importance of bilateral and plurilateral partnerships, including quadrilateral cooperation to enhance their relationship. The core principle of their relations is based on shared values of freedom, democracy and rule of law. The Japan and India ties grew steadily and stronger since the Meiji era until the World War II.

This trend became even more pronounced during the cold war period. The 1990's marked a preparatory phase, and then the 2000's was a transitional phase whilst the 2010's brought a huge leap forward. In 2006 India-Japan relationship was transformed into "*Global and Strategic Partnership*" and later this was upgraded as "*Special and Global Partnership*". Now both the countries are working together towards the realization of a "*Free and Open Indo-Pacific*" against the backdrop of probable "*Asian Century*".

Rationale of Bilateral Relations

With the formation of Modern states in the 17th century, bilateral relations have become more complex and diverse with wide array of actors and issues involved in it. Bilateral relations are maneuvered by heads of government, embassies, Parliament, political parties, companies and civil society. They are bound to experience fluctuations, and there is a need to distinguish the form, context and dynamics of the relations which are distinctively fluid and evolving.

The international system is shaped by the states that operate within it, and the forms of interaction among them will depend on desired outcome of the relations. Thus bilateral relations is an eloquent example in promoting the interests of the nation as the most tested and accredited means of maintaining an effective political dialogue. In this context it will be worthwhile to examine the nature of bilateral relations between India and Japan in the emerging Indo - Pacific discourse.

Dynamics of Prominent Actors in Indo - Pacific Region

The Indo-Pacific region has emerged as a key theater of engagement with the return of great power competition in International Politics Today. The area of enquiry has expanded from Asia - Pacific to Indo - Pacific, which as a region has been largely focused since the 2010's. The major stakeholders in this region are India, US, Australia, Japan, ASEAN members and other maritime nations that occupy the strategic positions in the India and Pacific Ocean including small island countries.

The US has become a major player in Indo - Pacific Region, since the Second World War and continues to influence other stakeholders in the

region. It continues to maintain a dominant role in various bilateral relations in the region along with multilateral nature of “shared responsibilities” with nations in the region. The US has identified China, India, Australia, and Japan as its key stakeholders in the region. Under the current Biden administration a new “*Indo- Pacific Action Plan*” has been created to support India’s regional leadership, deliver on the QUAD, expand US - Japan - ROK cooperation etc. The emphasis of US has shifted from cooperation at bilateral to multilateral forums.

As Japan remains a key US ally within the region their cooperation has further expanded with signing of “*Competitiveness and Resilience Partnership*” in 2021. India on the other hand as a key element in Indo - Pacific Strategy has become determinant in maintaining stability and peace in the region necessitating close ties with Japan.

The rise of Indo-Pacific could also be attributed to rising influence of China in the region and US engagement with ASEAN. China is the most important trading partner for most of the region’s economies and a major investor. During the challenging period in the Sino-Indian relationship, particularly following the 2020 Galwan Valley conflict, engaging with countries in the Indo - Pacific has become very essential for India. As it had always favoured issue-based alliances, it started embracing a number of mini lateral platforms that has emerged in the Indo - Pacific, including those with Australia, Japan, the United States, and Indonesia. China’s maritime expansion and militarization has threatened Japanese interest which is presumed as undermining the rule of Law and freedom of Navigation. The key tenets of Japanese strategy in Indo - Pacific is hedging against China and keeping US engaged in Asia. These engagements have made Indo - Pacific increasingly complex and contested in international politics today.

As the dynamics in global balance of power is tilting towards Asia, a strengthened India - Japan partnership is poised to have a major impact in the 21st Century. Unlike some of the Asia’s other major powers India and Japan do not have any turbulent historical aberrations of the past and have numerous area of common or complementary interest wherein they can invest in creating a promising future. The India - Japan engagements are not

just focused on economic issues but include a wide range of interests encompassing regional security, maritime issues, energy security, supply chain initiatives, military ties, climate change and UN reforms. Both are formulating a strategic partnership to integrate the risks and vulnerability arising out of current transition of power in Asia. By closely cooperating on matters of Asian security, India and Japan are now investing in a long term strategy to balance China's hegemonic policies too. The bilateral relationships between these two countries are now poised to enter a dynamic new phase.

Assertion of Indo - Japan Relations

The National Security Strategy (NSS) of Japan was revised for the first time in 2022 and outlined the complexity of existing Japan's security situation, and repeated the vision of Japan by the White Papers published in 2020. The subtle description of the threat posed by China and its "no limits" ally Russia in the Japanese document is the first step towards the re-balancing of power in the Indo-Pacific. The Kishida government recommended that NSS of Japan acquire counter-strike capability with long range missiles as well as double its defence budget. One of the points of political contention in this regard had been the discussion of increasing the defence budget to 2 percent of GDP over five years. The Japanese government has plans to spend a total of 43 trillion yen over the next five years until fiscal 2027. The acquisition of long range missiles like Tomahawk from US and building of long range nuclear attack submarines by Japan has influenced the strategic dimensions in East Asia. Further US has taken steps to strengthen its defence alliance with Japan and enhance the bilateral relations.

This change in Japanese national security framework is speculated to bring closer defence cooperation between two very close allies, India and Japan. Both do claim to have a common threat from China with the PLA firing long range missiles into Japanese EEZ in the recent past and the escalating military conflicts with India all along the LAC.

Japan is trusted to be one of the World's safest countries with a strong comprehensive national power, and which has witnessed the birth of "borderless world" in the 1990's and is contemplating its own way to have strong borders and aggressive military character.

The present Prime Minister of Japan Kishida in recent times has expressed his views on how Japan should manage itself in the turbulent world. He advocated the need for a “new international order originating from Asia,” the centre of the world economy. He confirmed about Japan intentions to propose “a guiding perspective” for a world on the verge of “division and confrontation”. He clearly spelled out the vision for the “*Free and Open Indo-Pacific*” together with India as an “*indispensable partner*”.

To respond effectively to the rising challenges that the current international community is facing the cooperation between G7 and G20 has great significance. Together this cooperation amongst countries is build to face the challenges like food security, climate and energy, fair and transparent development finance. It is a coincidence that Japan is now holding the presidencies of G7 and India G20 respectively. Prime Minister Modi in his speech at the Hiroshima G7 meet, spoke on building resilient bilateral relations. He reiterated that unrest in any part of the world affects all countries of the global community. “*Global peace, stability and prosperity are part of the common goals of us all. In today’s inter-connected world, unrest in any region affects every country and developing economies that have limited resources are easily affected by such events. Owing to the rising prices of the food, fuel and fertilizer has trigged a crisis situation for the developing countries*”.

Both the leaders resonated the importance of Indo-Japan relations and confirmed that they will promote active investment by Japanese companies in India in light of the 5 trillion-yen target of public and private investment and financing from Japan to India over the next 5 years. It also proposed to improve the Indian business environment to facilitate smooth operations of Japanese companies in India. It sought increased cooperation for the diversification and enhancement of supply chains through the “India-Japan Industrial Competitiveness Partnership”. The two leaders also agreed to promote the “Clean Energy Partnership”, to achieve carbon neutrality and ensure energy security at the global level, to promote concrete cooperation in the areas of hydrogen, ammonia and LNG through the “*Japan-India Energy Ministerial Dialogue*” and other initiatives.

India was the first country in the world to receive Japanese Yen loans and also is the largest recipient of Japanese ODA Loan for the past few decades. The Delhi Metro was constructed through the utilization of ODA. Japan continues to cooperate in supporting strategic connectivity linking South Asia to Southeast Asia through the synergy between “*Act East*” policy and “*Partnership for Quality Infrastructure*”. Besides, Japan and India had committed to build High-Speed Railway in India by introducing Japan’s Shinkansen System, which is the flagship project of Japan-India relation. The data from the Japanese government documents authenticates the fact that the trade from India to Japan increased from 739 billion-yen in the year 2014 to 833 billion-yen in 2022 and trade from Japan to India increased from 861 billion-yen to 2,018 billion-yen. The direct investment also rose from 282 billion-yen in 2014 to 471 billion-yen in 2022. It is to be noted that Japan is the only country that has dedicated country focused industrial townships across India.

Celebrating the 60th anniversary of the Establishment of Diplomatic Relations between Japan and India, various cultural events were organized both in Japan and in India to promote mutual understanding between the two countries, under the theme of “Resurgent Japan, Vibrant India: New Perspectives, New Exchanges”. During the visit of Prime Minister Narendra Modi to Japan in November 2016, the two Prime Ministers declared the year 2017, the Year of Japan-India Friendly Exchanges to further enhance people-to-people exchanges between Japan and India. The cultural agreement between them came into force in 1957 and its 60th anniversary was celebrated in the year 2017. Again various commemorating events took place in both countries. In 2022, Japan celebrated anniversaries with the seven countries of Southwest Asia, including India. Japan had designated 2022 as “*Japan-Southwest Asia Exchange Year*” with the aim of taking Japan’s relations with the countries of Southwest Asia to new heights.

To appraise the efforts of two countries in bringing the people closer a closer outlook of Japanese nationals residing in India (8,145 as of October, 2022) and number of Indian nationals residing in Japan (40,752 as of June, 2022) becomes inevitable. As the Indians speak Japanese language fluently and

have also imbibed the cultural characteristics, this evidences the profound influence of the Japanese on Indian Diaspora. Many of them run firms in Kobe, Osaka and Yokohama and trace their link with Japan for more than 150 years. It is also evident that Japanese community in India is increasing with vast majority of them work for Japanese Corporates in Bangalore. Many Japanese run hotel business and around 321 Japanese establishments were functioning in Gujarat alone. Adding to the spotlight of this relation various agreements have been made.

Both PM Kishida and Modi concurred to consider the increasing number of Indian students studying in Japan and promote tourism exchanges by designating the year 2023 as “Japan India tourism exchange year”.

YEAR	AGREEMENTS BETWEEN INDIA AND JAPAN
1952	Treaty of Peace.
1956	Agreement for Air Service.
1957	Cultural Agreement
1958	Agreement of Commerce.
1960	Convention for the Avoidance of Double Taxation.
1985	Agreement on cooperation in the field of Science and Technology.
2011	Japan - India Comprehensive Economic Partnership Agreement.
2015	<ol style="list-style-type: none"> 1. Agreement between the Government of Japan and the Government of the Republic of India Concerning the Transfer of Defence Equipment and Technology. 2. Agreement between the Government of Japan and the Government of the Republic of India Concerning Security Measures for the Protection of Classified Military Information.
2016	Agreement between Japan and the Republic of India on Social Security.
2017	Agreement between the government of Japan and the Government of the Republic of India for cooperation in the Peaceful Uses of Nuclear Energy.
2021	Agreement between the government of Japan and the Government of the Republic of India Concerning Reciprocal Provisions of Supplies and Service between the Self-Defense Forces of Japan and the Indian Armed Forces.

Source : Author's reference.

Adding to the vibrant relations between the two democracies were not only exchange visits of Foreign Ministers and other high level government dignitaries but also that of high level government and political leaders. To establish the assertion of this relation, the visits by important dignitaries like Prime Minister Mr. Nakasone's visit to India in 1984, Emperor of Japan visit in 2013, PM Abe's five times visits are notable.

Similarly PM Manmohan Singh visited Japan six times PM Modi has also visited six times until now. In 1957, then Japanese PM Nobusuke Kishi visited India, and PM Jawaharlal Nehru paid a return visit to Tokyo the same year. All these provide a substantial evidence of how the bilateral relations were carried out consistently, intimately and extensively by both counterparts over the years.

Exclusiveness of Indo- Japan Relations

India - Japan bilateral relations is over 1500 years old. India's civilization made extensive reach to Japan in the Far East. On the eve of Indian Independence in August 1947, Japan was among the first nations to recognize India's sovereignty. India, for its part, declined to attend the 1951 San Francisco Peace Conference between the United States and Japan. India was against the limitations being placed on Japan's sovereignty by the proposed draft provisions in the Treaty and argued that the US was failing to give due recognition to the wishes of the Japanese people. Further, India prepared a separate bilateral peace treaty with Japan in 1952 and it was one of first Asian Nations to establish diplomatic ties and also waived the reparation claims against Japan. Further, India's Ambassador to the United States and Mexico Mrs. Vijayalakshmi Pandit, the sister of PM Nehru, advised the Indian government to sign the Japanese peace treaty, inspite of the Indian ambassadors in London, Moscow, and Peking (Beijing) advising very strongly against this.

The Indo-Japan relationship reached qualitatively new level during the visit of PM Yoshiro Mori and he along with PM Atal Bihari Vajpayee announced the "Global partnership of Japanese India in the 21st Century". Subsequently in the year 2005 PM Koizum Jumchero and PM Manmohan Singh declared a "Japan- India Partnership in the New Asian Era". Certain

important steps were taken to promote cooperate in the Field of education and culture. Later in 2007 Abe Shinzo, then Japan’s prime minister, gave a stirring speech to India’s parliament in which he called for the Indian and Pacific oceans to be seen as one strategic space, and for Japan and India to recognize their shared interests. Those ideas over the years have been widely accepted among Western strategists for instance, Kenneth Juster, America’s ambassador to India from 2017 to 2021 remarked that “*Without the Japan- India relationship, there is no Indo-Pacific*”, which was rightly endorsed by PM Kishida Fumio, on March 20th 2023, during a two-day visit to Delhi with his comments “*That relationship is vital to why we have this concept, and to the future of the region*”. Both India and Japan are encountering common challenges of protecting their territorial integrity and economic security.

PM Modi and Kishida have met at least five times between 2022 to June 2023. India and Japan not only managed successful bilateral relations they are also good partners in plurilateral and multilateral constructs. The first jet exercise “Veer Guardian” was held in January 2023 in Japan and again for first time an army exercise “Dharma Guardian” was conducted in Japan. India took part in the International Fleet Review and Malabar Exercise off the coast of Japan followed by JIMEX between two navies. In terms of economic relations the bilateral trade stood at USD 20.75 billion in 2022 which was the largest ever. Japan is also exploring opportunities in India as it is the 5th largest investor in India.

Ensuring the Prominence and Sustainability of the Relations

With regional hotspot issues in Indo-Pacific and global challenges emerging one after another, areas of cooperation are expanding rather than shrinking, and the prospects for interaction are broadening rather than narrowing. The people to people friendship becomes the key to State-to-State relations. The Indo-Japan relationship is already at its zenith with both countries having built confidence for the future by agreeing to work in many sectors. “Mutual respect” is the basis for further enhancing this relation. A “Win-Win cooperation” between them will turn the vision of both countries into a reality. A long run friendship between the two countries in improving

culture and trade relations have brought in greater understanding, involvement and support of people. The countries have also encouraged and expanded interactions in various areas and between various groups including NGO's, schools etc., which has created positive connect and deepened the friendship. Further in this direction both the countries have taken initiatives to strengthen cultural exchange and there have been frequent meetings and interaction which has ensured mutual tolerance and inclusiveness.

Inspite of the general perception thought that the Indo-Japan relations is influenced to a greater extent by US and China Factor, there is another fact to validate this. In the context of the "Look East policy" during the 1990's the re-engagement of India in East Asia took place. With an anticipation of reconnecting India with a dynamic, integrated East Asia, it soon became a part of an overall strategy to become a regional power. Eventually the Indian national interest widened to embrace the greater Indian Ocean, "*from the Persian Gulf to the straits of Malacca*". This new strategic orientation was accompanied by a build-up of maritime capacity.

Japan on the other hand, adopted a more proactive role in Asia in the wake of the 1997 Asian fiscal crisis. It provided a large amount of assistance for Asian countries and proposed the creation of an Asian Monetary Fund which failed with the intervention of US and China. This made the Southeast Asian countries visualize Japan as the real economic leader of Asia and pressurized Japan to take a greater political role in the region. Since then, Japan has been very active in promoting regional agreements in the economic, political, and security fields in an effort to refocus its diplomatic efforts toward Asia.

India and Japan share the perception that Asia is the new development engines of the 21st Century. Asia represents half of the world's population, includes the world's second economic power, two giant nations that have grown at a fast pace (more than 7%), and has a collection of new industrialized countries. Asia has a booming economic cooperation with vital regional networks, vertical specialization and has 55% intra-zone trade.

In this context, Indo- Japan relations can affirm their support to "*new Asian era*" by initiating ways to cope with the US-defined "*arc of instability*,"

building an “*arc of advantage*” and contributing to the construction of an East Asian Community. Moreover the former PM of India, Shri Manmohan Singh, the architect of Indian liberal reforms in the 1990s, had floated the vision of an “*arc of advantage and prosperity*” across Asia, in the context of the failure of multilateral trade negotiations and the strengthening of regional groupings. Considered as an extension of the “*Look East Policy*”, the “*arc of advantage*” is a new vision to promote a regional zone of shared prosperity. This expression stressed the need and importance of reconnecting India to East Asia through the multiplication of trade exchanges and development with reliable transportation routes. Contrasting with the Indian “*arc*,” which is mainly of an economic nature, the Japanese vision of the “*arc*” is much more political and deals with the promotion of democracy, to allow a more balanced economic freedom and shared prosperity.

However, in March 2007, Japan’s Minister of Foreign Affairs ASO and Indian counterpart Mukherjee reaffirmed that there exists common objectives and values between the ideas of “*Arc of Freedom and Prosperity*” proposed by Japan and the idea of “*Arc of Advantage and Prosperity*” would benefit not only Japan and India but also the whole of Asia. It is quite a recollection of Prime Minister Narasimha Rao’s visionary speech in Japan in 1992 that: “*Asia is one, the essence of this oneness being spirituality*”. He also reiterated that Asia was based on syncretism, citing the Indian spiritual contribution to the Asian identity as the cradle of Buddhism and Hinduism is an attempt to integrate India into East Asia, culturally. Hence the historical themes of Asian identity and regionalism that prevailed during the prewar period could form the basis for allowing the two countries to make a significant contribution now for the construction of a new East Asian identity and community networking with ASEAN countries.

To have lived up to the vision of 70th anniversary celebration of diplomatic relations between Japan and India in “*Building a future for our Centenary*”, the dreams and expectations of both Japanese and Indian people across generation should continue to develop together towards the 100th anniversary of diplomatic relations between Japan and India and beyond.

India is already set to overtake China to emerge as the world's most populous country ensuring a potential market for Japan. Japan has moved on from rubble to economic miracle and are now contemplating with aging and shrinking population on one end and with potential technology for the future of humankind on the other side. India and Japan as friends should strive to work on principles of cooperation, collaboration and mutual interests and accomplish their vision with the mission of protecting their innate national interest and democratic values.

Japan is considered as a great power in the terms of economic clout prevailing shift in power politics in the world today (Gunning and Baron 2014). Having said this, it does not have a permanent seat on the UN Security Council. International Relations expert like Mohan Malik (2011) have argued that India should be classed as a great power although the country is often classed as an emerging power. Whatever may be the power dynamics no wonder today they are the fastest growing relationship in World Politics. To keep this friendship intact, compact and sustainable for the future a gratifying peep into their fruitful endeavours and how they got it transcended over a period of time will provide the passport for the prospective future.





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