

INDIA-JAPAN RELATIONS: A DEFINING MOMENT

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“The relations between Japan and India have the greatest potential of any bilateral relationship anywhere in the world.”

—PRIME MINISTER **SHINZO ABE** (25 Jan 2014 at the PM's meeting in India)

Pushing for greater multi-sector cooperation between New Delhi and Tokyo in a recent Ananta Aspen Centre discussion, speakers and senior political representatives identified infrastructure, energy and foreign investment as key areas for partnership and cooperation between the two countries. The discussion highlighted key areas of focus and ways to strengthen bilateral relations in terms of investment, business and commercial ties from the current and modest beginning with \$6.5 billion in 2005-06 to \$18.43 billion in 2012 towards elevating trade to a hundred billion dollars, apart from a substantial increase in joint ventures and technical collaboration in the next few years. Strategic security and defence cooperation would be significant components of the pathway ahead.

Further, a trillion dollars in infrastructure would be imperative to meet the challenges of development and growth. This would need to be supported by special economic zones and hubs of manufacturing. Cooperation in energy, both renewable and solar, have enormous scope for convergence and joint exploitation.

Tomihiko Taniguchi, Special Advisor to Shinzo Abe, hailed the current bilateral paradigm as ‘**Japan's India Moment**’, and underscored the “special place India holds in Prime Minister Abe's mind” by asserting that “sky was the limit” in taking the relationship forward. He envisioned foreign policy, economy, and national security as core areas of collaboration, and highlighted defence architecture and nuclear energy as major areas of convergence. PM Abe's recent visit to Australia to upgrade to a new and special relationship was a priority, but, India-Japan relationship would be accorded high priority by the Japanese PM, said Taniguchi.

Taniguchi's most significant remarks alluded to the narrative of Japan and its role in the region being rewritten with India being a major partner in addressing the challenges and threats of the future.

With focus drawn on this issue, it is imperative to construct the emerging perspectives that facilitate comprehension of challenges and identifying priorities for Indian PM Narendra Modi's upcoming visit to Japan.

THE EMERGING SECURITY ENVIRONMENT

Global power has witnessed a significant transformation between various powers in time cycles. The most significant and impelling power shift in the recent times has been the unceasing transformation witnessed in Asia. While South Asia has witnessed three major conflicts and an endless turbulence caused by insurgencies (supported ironically by neighbors), the new regions witnessing this change are South China Seas and the Indo-Pacific region due to increased assertiveness by China and the US response by rebalancing of its strategic pivot from Middle East to Asia.

With a regional GDP of over 25 trillion and the world's fastest growing market, the importance of this region has been unprecedented. The sheer economic dynamism and rapid escalation of territorial disputes in the South China Seas has brought East and South East Asia in global and regional strategic focus. These increasing threats to sovereignty have drawn attention of United States, India and China. Other regional countries are also becoming more assertive in projection of their strategic stakes inducing a paradigm shift in the larger security perspective.

DYNAMICS OF CHANGE

India over several decades had only watched this region of East Asia without any ability to influence till the emergence of India's Look East Policy initiated in early 1990s that brought its own relevance into an inextricable engagement. ASEAN (Association of South East Asian Nations) countries, Japan and Korea have felt the ability of India's increasing regional power and influence not just in economic terms but as part of the extended security perimeter of its neighborhood.

India's high profile engagement with regional nations over recent years has given it the edge to become a key player in the region. India's security and defence initiatives by the Indian Navy as Indian Ocean Naval Symposium (IONS) of 2008 comprising of 32 littoral nations including major stake holders for forging relations with East Asian countries both bilaterally and multilaterally. Defence dialogues, technology committees, strategic partnerships and setting up of joint working groups have worked to create a profound and long lasting engagement with the region.

Issues of regional and global importance such as energy security, maritime security, terrorism, UN reforms, require building up regional institutional architecture in this new engagement for India.

ECONOMIC ENGAGEMENT

From a state of post war Asia in 1946, India's first treaty with Japan waiving the right of reparation providing Japan raw materials such Iron ore, coal and important resources to commence her industry was the first act of significant assistance that Japan remembers graciously even today. From Ambassador JN Dixit's prophecy, that economy will draw Japan's interest in India, both countries drew the contours of the CEPA, that later became the beginning of a strategic partnership with India aiming to draw the highest FDI and the largest trading partnership.

The economic potential of India for Japan has been enlarging with more than 100 Japanese companies entering the Indian market every year leading to a total of now about 1,000. India's investment environment needs to be upgraded in terms of inadequate infrastructure, bureaucratic red tape and security problems.

The **need for energy** that is critical to economic growth has been a strong source of inter dependence. Facilitated by Japan's advanced technology, energy efficiency and usage of renewable energy sources, India's dependence on Middle East can be significantly reduced.

In Science and Technology, the priority fields will include NANO technology, Bio-Technology, High Energy accelerator, Space, Satellite and Communication technologies, and Disaster management.

DEFENCE CO-OPERATION AND MUTUAL SECURITY ASSURANCE

Defence cooperation, beginning from 2000 has consolidated on fast track. The India-Japan 2008 Joint Declaration on Security Cooperation, followed by a Maritime Security dialogue and later, cyber security dialogue and military information agreement, defence and strategic cooperation, strategic dialogues at foreign minister/secretary-levels and Track 1.5 strategic dialogue have added immense value to advances in this direction.

The fact that New Delhi so far has signed largest number of strategic partnership agreements with the countries of East Asia than any other nation, like Australia, Indonesia, South Korea, Vietnam and Myanmar, clearly underscores the region's strategic significance for India and Japan.

While Japan's security alliance with the US is on firm grounds, the India-Japan security relationship can provide a reasonable alternative in case of either country reviewing the nature of its relationship. Such a scenario would give Japan significant support while enabling India to enhance its influence in the region.

The potential in military to military exchanges, joint Army, Navy and Air exercises in addressing the emerging environment in the region is significant. The promulgation of strategic and security agreement covering security, piracy and terrorism signed in February 2014, and agreement for joint participation and promotion of Disaster Relief and Humanitarian Assistance, Peace Keeping Operations and Counter Terrorism will add major value to collective strengths.

As India's maritime power increases, Japan's support to legitimize India's maritime role would also increase. If China's assertive stance continues, Japan will want a greater Indian presence for which greater political coordination and structures to promote security may be required.

India and Japan could be in for a critical year in 2014 as far as the expansion of their strategic partnership is concerned.

STRONG LEADERSHIP AND POLITICAL WILL

It is perhaps for the first time that strong leadership with India and Japan is emerging as a dominant factor that can steer not just foreign policy and relations but the entire dynamic of a new order for both countries and the region.

The political will in the new engagement has been distinctly proactive and realistic.

When Japan signed the Declaration on Security Cooperation with India in October 2008, only the third country with which to have such a security relationship after the US and Australia, Japan signaled to the world that it is keen to build a partnership which goes beyond trade and commerce.

Japan and India can truly conclude a pact that would allow Japanese firms to export nuclear power-generation technologies and equipment to India. Exporting the Shin Maywa US-2 search and rescue flying boat used by Japan's Maritime Self-Defense Force will be significant.

The visit of PM Abe in January in 2014 as chief guest for India's Republic Day witnessed emphasis on security issues and the sides reiterating “their resolve to further deepen the Strategic and Global Partnership.” Abe's elaboration of Japan's policy of “Proactive Contribution to Peace,” was reciprocated by PM Singh's “appreciation of Japan's efforts to contribute to peace and stability of the region and the world.”

Shinzo Abe makes no secret of his interest in India, and as long as he remains at the top in Japan, India-Japan relations should continue to flourish.

INDIAN PM'S FORTHCOMING JAPAN VISIT

Strong Leaders have known to pave pathways and be trail blazers to far reaching relationships. The mandate in support of these leaders had made their missions and accomplishment easier with a profound understanding at people to people level as much as respective national levels. Their ability to not just lead their respective country but generating a spirit of robust collective regional strengths as economy, security and regionalism makes them formidable in their stance.

ECONOMIC AREAS OF FOCUS

The key strategic pay offs of CEPA can be optimized in context of giving India a trade entry into Asia, getting greater market access into this region for exports through Japan bilateral agreements, reducing Japan's economic dependence on China, preventing India's marginalisation in this regions and finally, jointly counter balance the influence of China.

India will need to ease its economic over dependence by China by effective preferential trade agreement with ASEAN Members.

- Maximise Japan's FDI and participation of Japanese companies into India.
- Make India a hub of trade by enhanced infrastructural linkage from India to South Asian and East Asian countries.
- Approval of Japan's Government for setting up energy infrastructure in India.
- Draw Japanese maximum commitment to support India's development and infrastructure enhancement.

INFRASTRUCTURE

With India's need of funding support for its USD 1 trillion worth of infrastructure requirements in the current plan, support from Japan bank for international cooperation and ODA will be critical.

Projects like Delhi-Mumbai industrial corridor, eco-friendly cities, world class airports and industrial SEZ will add significantly to India's ability to meet the challenges of enhancing infrastructure and development.

NUCLEAR COOPERATION

With the nuclear energy market of approximately USD 150 billion, the Prime Minister would have to draw Japan into this commitment while assuring Japan of its self-imposed moratorium despite being a Non-NPT signatory. This would help address the question on energy crisis inevitable in the next parliament session.

The Prime Minister's greatest challenge will be to steer nuclear energy cooperation with Japan that would allow installation of nearly 20 nuclear power plants through companies as Westing House, General Electric and Areva SA in which Japan has tremendous investments.

DEFENCE & SECURITY COOPERATION

For Japan, India's role in maritime security is the main driver for building a strategic partnership as Japan. For India, Japan's support in legitimizing its dominant naval preeminence in the Indian Ocean and thereby further its great power ambitions can be a significant possibility.

India may review the need for an increased naval presence in the South China Seas to counter China's increased naval incursions into the Indian Ocean. Japan has serious constitutional constraints to project its own power, it will be convenient for Japan to encourage India to increase its naval profile to check China.

Japan is in favour of India's participation in East Asia Summit and has consciously facilitated India's absorption into other East Asian Regional Multilateral Institutions to make the participation more formidable while blurring traditional geographical boundaries of East Asia.

Nuclear Disarmament, Maritime Security, and Defence and Security cooperation would be prime areas of co-operation. Nuclear commerce with India will help resuscitate Japan's ailing economy by unfolding huge business prospects in its market. The challenge is before Japan to enact policy change.

Japan's former Defence Minister Yuriko Koike's clarity was forth right in her opinion “Fear of provoking China should not prevent Asia's leaders from seeking a regional security consensus as US alone cannot construct a viable strategy for this region. For India and Japan, every Asian country must play its own part”.

CONCLUSION

India's relations with Japan matter not only for economic reasons but as PM Manmohan Singh said, “(because) we see Japan as a natural and indispensable partner in our quest for stability and peace in the vast region in Asia that is washed by the Pacific and Indian Oceans.”

In view of the evolving power relations in the Asia Pacific region, both India and Japan are poised to play an important role in designing the future security architecture of Asia in a cooperative framework. The China factor and perceived threat will propel both to seek common grounds to coordinate their policies.

Japan's ‘Abenomics’ and India's ‘Modivision’ can bring together enormous congruence and convergence between the two nations in meeting aspiration of their national, regional and global interests in their joint aim for enduring stability and prosperity in Asia.

Comprehensively said, both can resonate this bond that impels a new engagement and evolve into a composite policy dialogue.

For India, the challenge is to build a strong and sustainable bond with Japan with least provocation to China. For China, the challenge will be to minimize provocation that may spin off a paradigm shift by regional nations into an Alliance of Nations.

India and Japan can indeed rewrite a new narrative jointly, for greater economic inter dependence and stability in the Indo-Pacific region. ☒