



# Asia Pacific Bulletin

## The Expanding Indo-Japanese Partnership

BY K.V. KESAVAN

**K.V. Kesavan, Distinguished Fellow at the Observer Research Foundation, New Delhi, and Public Policy Scholar at the Woodrow Wilson Center, writes that “The May 2013 Joint Statement signed by the two leaders refers to the elaborate institutional framework the two countries have built together for conducting dialogues and consultations covering a wide range of political and economic subjects, including shared security concerns.”**

Indian Prime Minister Manmohan Singh has had the unique experience of having met with all seven Japanese prime ministers, from both the Liberal Democratic Party (LDP) and the Democratic Party of Japan (DPJ), since 2005. In this role, he has been one of the key architects of the India-Japan partnership, which includes important elements for the new security and economic architecture in the Indo-Pacific region. Until very recently, the partnership was narrowly focused on economic matters such as development loans (ODA), trade and investment. But beginning in 2000, and accelerating since 2005, the bilateral Indo-Japanese relationship has diversified to include a wide range of broader interests including security, counter terrorism, sea lines of communication, UN reforms, energy security and climate change.

Japanese Prime Minister Shinzo Abe returned to power in December, 2012, promising to revitalize Japan’s economy under the rubric of “Abenomics.” He has correctly judged that unless the stagnant economy of Japan is put on a robust trajectory towards recovery, his country cannot expect to influence the changing geo-politics of the Asia-Pacific region. Similarly, he has also acknowledged that Japan’s position as a leader in the region had suffered in recent years because of domestic political instability which has been reflected in weak governance marked by frequent changes of prime minister. Abe’s strong position in the Lower House along with the prospect of his party, the LDP, gaining a majority in the Upper House elections in July has given him new vision to consolidate his hold on power. This, in turn, will enable him to implement a long-term political and economic agenda that will install confidence in Japan’s allies and partners. It is in this context of an emerging stable Abe administration that one has to look at Dr. Singh’s most recent visit to Japan in May.

This meeting took place at a time when the two countries were faced with serious ongoing territorial tensions with China. The recent crisis arising out of China’s unilateral intrusion into India’s Ladakh (Kashmir) territory in April was not only an unprovoked intrusion into Indian sovereign territory, but also demonstrated the unpredictable nature of their bilateral relationship. Similarly, since 2010, when a Chinese fishing boat rammed into a Japanese coast guard vessel near the Senkaku/Diaoyutai Islands, Japan has been facing persistent hostilities, both public and governmental, from China. This barrage of pressure has increased since September 2012 when the Japanese government purchased three of the Senkaku/Diaoyutai Islands from their private Japanese owner. Since then, and on an almost daily basis, Chinese surveillance ships have been intruding into the territorial waters—along with incidents of Chinese aircraft violating Japanese air space—around the islands.

### Shared Security Concerns

One significant aspect of this year’s Indo-Japan summit was the prominence given to bilateral security and defense issues. The first bilateral exercise between the Indian Navy (IN) and the Japan Maritime Self-Defense Force (MSDF) was held in June 2012 and they



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have agreed to conduct such exercises on a more regular and frequent basis. Second, for the first time, a Joint Working Group has been established to explore the modality for India’s purchase of US-2 amphibian aircraft from Japan. Speaking about the multiple security challenges posing “continuing threats” to the region, Prime Minister Singh emphasized that one of the responsibilities of the Indo-Japan partnership “is to foster a climate of peace, stability and cooperation and to lay an enduring foundation for security and prosperity.” Stating that India’s “Look East” policy has acquired a more strategic content in recent years, he called on both India and Japan to enhance their cooperation in three areas—promotion of regional mechanisms and forums for consultation and cooperation; regional economic integration and connectivity to ensure balanced economic development of the region; and promotion of maritime security by strongly supporting the freedom of navigation and unimpeded commerce in accordance with international law. The May 2013 Joint Statement signed by the two leaders refers to the elaborate institutional framework the two countries have built together for conducting dialogues and consultations covering a wide range of political and economic subjects, including shared security concerns.

### **Civilian Nuclear Cooperation**

There was a lot of expectation in India that Singh would be able to come to an agreement with his counterpart on the pending issue of civilian nuclear cooperation. Though Tokyo supported the US-India civil nuclear cooperation agreement in 2008, it has yet to enter into a bilateral accord with New Delhi allowing Japanese nuclear technology to be exported to India. After three rounds of negotiations, Japan is still insisting that India guarantee that it will not conduct any more nuclear tests. Furthermore, the March 2011 Fukushima nuclear tragedy in Japan drastically altered the domestic political debate regarding use of nuclear energy, further impeding progress in Indo-Japan bilateral negotiations on the topic. When Japanese Prime Minister Yoshihiko Noda visited New Delhi for the annual India-Japan summit in December 2011, he assured India that Japan had not closed its doors to the negotiations. Now, under the current LDP administration of Shinzo Abe, there is a strong inclination to restart Japan’s closed nuclear energy program which includes exporting civilian nuclear technologies abroad, so the outlook for India has somewhat brightened. At their summit, both Singh and Abe agreed to accelerate the negotiations for an early settlement on the subject of nuclear energy.

### **Deepening Economic Engagement**

There is no doubt that economic relations still form the core element of the bilateral Indo-Japan partnership. The joint statement highlights Japan’s deepening involvement in India’s infrastructural development, including metro rail projects in New Delhi, Bengaluru, Chennai and Mumbai. In addition, Japan is involved in the implementation of two other flagship projects—the Delhi-Mumbai Freight Corridor and Delhi-Mumbai Industrial Corridor and it is also getting deeply involved with the newly planned Chennai-Bengaluru Industrial Corridor project. Japan has also signed fresh ODA loans totaling over Y424 billion for other projects in India. Indeed, India has been the largest recipient of Japanese aid since 2003 and it is worth noting that at a time when Japan’s overall ODA has been on the decline, Japanese aid to India has increased.

Within the economic sphere, there is a growing recognition from both sides that the potential of the full relationship has not been fully tapped. The total volume of bilateral trade in 2012 amounted to only about \$18 billion despite the fact that the Comprehensive Economic Partnership Agreement (CEPA) came into effect in 2011. Similarly, Japan’s investment in India, though increasing, has scope to develop further. Both Dr. Singh and Mr. Abe acknowledged these two facts, and they stressed the importance of continuing to enhance trade and investment ties.

Looking ahead, it is prudent to predict that Indian and Japanese interests will continue to converge, resulting in a closer bilateral relationship. Not only is this good news for the people of India and Japan, it is also good news for the United States and the Asia-Pacific region.

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