Indo-Japan Strategic Cooperation: Issues, Expectations and Challenges

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Introduction

At the dawn of the 21st century Japan was crafting a new strategic policy and found India as a new partner, the foundation of which was laid down by Tokyo’s strategic planners. Japan started the initiative at the end of the Cold War to respond to new challenges to its security and foreign policies. With the end of the Cold War and with the political demise of the hypothetical enemy—the USSR—, the primary goal of the US-Japan Security Treaty which was to contain the spread of communism by providing strategic and logistic support to the US, was achieved. Thus the Treaty became uni-dimensional as the US still had to contribute to Japan by providing a defense shield from emerging threats from its two neighbours—North Korea and China— with which Japan has had unresolved historical and territorial disputes. Japan on the other hand had nothing much to contribute from its part to the US. Japan feared a possible “abandonment”1 from its sole security ally.

Amid the debate of abandonment Japan began to search for “other friends around the world.” Around that time Japanese Prime Minister Takeshi Kaifu visited Asian countries including India, becoming only the third Japanese prime minister to visit independent India. What transpired between Kaifu and his Indian counterpart is not in the public domain but certainly it provided a big push to Indo-Japan relations. A strategic thinker from the Institute of Defence Studies and Analyses, a New Delhi based think tank noted that: “With the end of the Cold War, both India and Japan made efforts to reappraise the potential of their relations. Prime Minister Kaifu’s visit to India was part of his sojourn to the South Asian region as he projected a new vision of his country in this ‘period of rapid transformation in the world’.” She also noted that there was a “growing Japanese consciousness of the importance of a ‘re-association’ with Asia not only in economic terms, but also increasingly in political and strategic terms” (Joshi, 2001).

The warmth in Indo-Japan relations at that time coincided with the economic liberalization of India. With the end of License Raj, a number of Japanese companies viewed India as a potential

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1 Recalling a conversation with US Congressmen around 1987 Shintaro Ishihara, the Governor of Tokyo and a member of the LDP notes in his book that a Congressman told him: “US-Soviet ties have dramatically improved and it is quite possible that the partnership between Washington and Tokyo might be dissolved… The United States may even abandon Japan.” Ishihara notes that he replied “…if the United States no longer wants Japan an ally, then we will have a free hand to look for other friends around the world” (Ishihara, 1991, pp. 77-78).
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market. It should be noted here that despite a good beginning in bilateral relations in the 1950s political relations between the two countries entered into a recalcitrant phase. The obvious reason behind the political chill was India’s tilt towards the Soviet Union including campaigns for a Non-Alignment Movement (NAM). Japan at that time found itself comfortable with the US led free world. The psychological barriers which were created between the two, however, started disappearing when NAM of which India was a leading member, lost its relevance at the end of the Cold War since the world became unipolar. India adopted an open economic model with which Japan and members of other free world were comfortable with.

In spite the fact that the Cold War period acted as a barrier in fostering diplomatic relations, cultural relations were already flourishing between the two civilizational neighbours. The Iron Curtain separating the two during the Cold War, however, could not affect the traditional religious bonding which was established through Buddhism since ancient times. Japanese cooperation with the Indian National Army and Netaji Subhash Chandra Bose found vivid expression in Indian textbooks that kept Indian imaginations towards Japan alive despite the fact that there was little interaction between the people of the two countries.

From the Japanese perspective, India’s waiver of war reparation on Japan and the signing of a separate peace and friendship treaty helped form a positive image of the people of Japan. Indian Justice Radha Binod Pal’s dissenting note at the International War Tribunal was another incident which remains fresh in the memories of the Japanese people. At the time when there were absolutely no political interactions between the two countries, a plaque honoring Pal at the Yasukuni Shrine kept the image of India alive among the people of Japan and a feeling of friendship among the Japanese people towards India was already brewing. The end of Cold War paved the way for the two countries to re-establish their centuries old civilizational ties which were disrupted during the lost decades.

**Blossoming of Indo-Japan relationship**

In the post Cold War period which coincided with India’s economic liberalization, political and economic interaction between the two countries increased many folds and proved a cornerstone in the diplomatic relations between the two countries. However, diplomatic relations between the two again touched the lowest ebb following India’s 1998 nuclear test. But it was India’s economic recovery that led to many nations to remove sanctions and Japan also followed the suit. Another incident around that time that acted as an intervening variable was the Indian Coast Guards’ rescue mission of a Japanese flagship merchant vessel which was hijacked by pirates in the Indian Ocean. Japan for the first time officially acknowledged India’s indispensability in securing Japanese national interest. Prime Minister Yoshiro Mori’s visit to India in 2000 was a stepping stone in the bilateral relationship of the two Asian nations. He envisaged a “global partnership” between the two countries and announced that the “relations between the two
nations, which offer great possibilities for both parties, would be further strengthened, not just bilaterally but also by playing a role together regionally and internationally” (MFA Japan, 2000). During the visit Prime Minister Mori announced a series of measures to strengthen Indo-Japan bilateral relations including, regular meetings at the prime ministerial and foreign ministerial levels, opening talks on national security between foreign and defence officials, bilateral conferences for promoting IT cooperation.

The relationship, however, acquired a “strategic orientation” when Prime Minister Junichiro Koizumi and Manmohan Singh who for the first time in their joint statement confirmed that: “The global partnership between India and Japan reflects a broad convergence of their long-term political, economic and strategic interests, aspirations, objectives and concerns. India and Japan view each other as partners that have responsibility for, and are capable of, responding to global and regional challenges in keeping with their global partnership. A strong, prosperous and dynamic India is, therefore, in the interest of Japan and vice versa” (MEA India, 2005a).

To reinforce the strategic focus of the partnership both the countries identified an “eight fold initiative” which included (1) an enhanced and upgraded dialogue architecture, including the launching of a high level strategic Dialogue and full utilization of the existing dialogue mechanisms; (2) comprehensive economic engagement, (3) enhanced security dialogue and cooperation; (4) science and technology initiative; (5) cultural and academic initiatives and strengthening of people-to-people contacts; (6) cooperation in ushering a new Asian era; (7) cooperation in the United Nations and other international organizations, including cooperation for the early realization of UN reforms, particularly Security Council reform; and (8) cooperation in responding to global challenges and opportunities. Among these initiatives four were related to security cooperation between the two Asian nations.

Koizumi’s successor Shinzo Abe added his personal touch to the blossoming Indo-Japan ties by identifying India as a pivotal partner in his book *Towards a Beautiful Country* which he wrote before assuming Japan’s premiership. In his book, he describes how Japan could advance its “national interests” by strengthening “ties with India.” He speculated that “it will not be a surprise if in another decade Japan-India relations overtake Japan-US and Japan-China ties” (Chellaney, 2007). The high priority Abe gave to India is reflective of the fact that when Prime Minister Manmohan Singh visited Tokyo during his term as prime minister he set the stage for Indian Prime Minister to address the joint session of the Japanese Diet, a rare opportunity provided to any India prime minister. New Delhi also accorded Abe a similar welcome when he visited India in 2007. His address at a joint session of the Indian Parliament suggested the fact that he had grown up with a dream to strengthen a tie that his grandfather had initiated. In the speech at the joint

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2 The detailed of the eight fold initiative is available at MEA India (2005a).
3 For a comprehensive analyses of Shinzo Abe’s India visit, see Naidu (2007).
session of Indian Parliament he mooted the idea of a “broader Asia” at the confluence of the two seas of the Indian and Pacific Oceans and urged that the democratic nations located at opposite edges of these seas deepen the friendship among their citizens at every possible level. He highlighted that “this ‘broader Asia’ will evolve into an immense network spanning the entirety of the Pacific Ocean, incorporating the United States of America and Australia.” Abe urged the security and diplomatic personnel of both countries to consider future Indian-Japan cooperation when he commented that “what Japan and India should do cooperatively in the area of security in the years to come is one that the officials in charge of diplomacy and defence in our countries must consider jointly” (MFA Japan, 2007).

It is interesting to note that at this stage of relationship both the leadership of Japan and India were speaking in same tone and tenor. If Abe floated the idea of a “broader Asia”, based on the “Arc of freedom and Prosperity”, Prime Minister Singh talked of creating “an ‘arc of advantage and prosperity’ across Asia, laying the foundation for the creation of an Asian Economic Community” (PM India, 2006).

But what caught much more attention during Abe-Manmohan commitment was two lines in their 2006 joint statement which stated that “the two leaders share the view on the usefulness of having dialogue among India, Japan and other like-minded countries in the Asia-Pacific region on themes of mutual interest. The two governments will consult on the modalities” (MEA India, 2006). The statement was construed by some analysts as India joining the group that believes in China’s containment. “New Delhi--which had been resisting the idea of a quadrilateral security meeting for more than a year because of its ‘encirclement of China’ connotations-finally committed itself to a dialogue with Japan ‘and other like-minded countries in the Asia-Pacific region on themes of mutual interest’ during Prime Minister Manmohan Singh’s visit to Tokyo last December”, noted an strategic thinker in a column in an Indian daily (Varadarajan, 2007). However, Indian continuously repeated that this security framework was not aimed at containing any particular country a statement which has only few takers.

Notwithstanding the concern expressed in certain quarters, both countries firmly established annual prime ministerial talks. When Indian Prime Minister Manmohan Singh met his lame-duck Japanese counterpart Taro Aso, they “pledged to continue their efforts to broaden and deepen the relationship on the basis of the shared congruence of interests in order to develop it as an essential pillar for the future architecture of the region” (MEA India, 2008). The political scene in Japan appeared shaky in 2009 as well as the future of Indo-Japan relations. The DPJ which was poised to wrest power sought to forge close ties with the region in its manifesto but India was not specifically mentioned. The DPJ manifesto stated that the DPJ led government would “develop relation of mutual trust with China, South Korea and other Asian countries” (DPJ, 2009, p. 28). The ambiguity in DPJ’s manifesto over whether India fits in DPJ’s strategy generated concern in New Delhi that whether the DPJ would chalk out a new strategy for regional integration leaving
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aside India? This could have jeopardized the existing strategic relationship that was laid during the successive LDP governments.

But when entire Japan was observing the year-end holidays, Japanese Prime Minister Hatoyama made a visit to New Delhi on December 29 and signed yet another joint statement in which both leaders “reaffirmed that India and Japan as partners which share common values and strategic interests, will develop the Strategic and Global Partnership further for the deepening of their bilateral relations as well as peace and prosperity of the region and the world” (MEA India, 2009).

The Indo-Japan strategic relationship reached a new height when Prime Minister Naoto Kan with his Indian counterpart decided to “steadily expand security and defence cooperation between India and Japan” and pledged to “cooperate to enhance their capacity in responding to security challenges such as maritime security which entails the safety and freedom of navigation and counter piracy, humanitarian assistance and disaster relief and response, inter alia, through bilateral and multilateral exercises, information sharing, training and dialogue” (MEA India, 2010b). The developments at the Indo-Japanese strategic fronts during the two successive DPJ prime ministers suggest that support for the bilateral relationship between the two countries is bipartisan and a regime change will not affect the relationship.

The statements signed by the two countries and commitments made during the years suggest the fact that both countries see each other as an important nation to safeguard for each country’s national security. In Japanese strategic thinking India figures as an important partner as it realizes that its security ally the US is overstretched with military missions in Iraq and Afghanistan and thus it is not focusing much on East Asian regional security. Japanese defence planners have also noted that with the rise of China there has been a relative decline of US power in the region. Thus they need someone to fill the void. India certainly fits in that calculation.

Indo-Japan strategic relations: Chinese concern

The ongoing Indo-Japan strategic cooperation has drawn a reaction from China. The Chinese academia, especially those working on strategic issues, have viewed the strategic relationship between the two countries as an alliance aimed at containing China. For example, The Beijing Review quoted Li Yan, a scholar at the China Institutes of Contemporary International Relations (CICIR), as opining that Abe’s attempts to promote ‘value-oriented diplomacy’ and construct a ‘four-nation alliance’ are apparently directed at China. Japan is concerned that its status in East Asia would decline in the wake of China’s development. Abe’s vision of a “quadrilateral grouping” comprising Japan, the United States, India and Australia aims to expand Japan’s diplomatic frontiers and to marginalize China by citing “common democratic values” and besiege the country geopolitically. The Beijing Review also quoted yet another Chinese scholar, Liu Jiangyong, a
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professor at the Institute of International Studies of Tsinghua University, as saying that “by proposing the ‘broader Asia’ concept, Japan is taking a step toward implementing its ‘value-oriented diplomacy’...It is obviously not a geographic concept but a political one, because Japan does not put its relations with China on a par with its relations with the other three countries (the US, Australia and India)” (Yan, 2007).

Others in the Chinese media are equally fueling the fire by interpreting the ongoing relationship in their own way. Against the backdrop of a joint drill by the US, Australia, Japan and Indian navies, China’s official newspaper the People’s Daily observed that “it is absolutely not new for Japan and the US to sit down and plot conspiracies together but it is rather intriguing to get India involved” (Peoples Daily, 2007).

Similarly, India’s growing interaction with Japan and ASEAN countries has also caused alarm among few strategic circles in China. In a recent opinion column in the People’s Daily, Li Hongmei wrote that “India is viewed by Japan as an ideal partner to establish the strategic cooperation in security, based on the assumption that both of them are being threatened by China’s military assertiveness in East China Sea as well as in the India Ocean. On this basis, Japan and India have both placed high expectations upon each other in combining strengths to counterbalance China.” She further added that “by taking advantage of the face-off between China and Japan, India still cannot relax its spasm of worries about China, nor can it brush aside the fear that China might nip its ambitions in the bud” (Li, 2010).

Yet another Chinese scholar, Hayoun Ryou, observes that “… China is quite perplexed that two countries such as India, which has traditionally been seen as the leader of the non-alignment, and Japan, traditionally acknowledged to pursue an economic-oriented foreign policy, were able to engage in security cooperation measures” (Ryou, 2009).

China also expressed concern over the so-called quadrilateral alliance consisting of US, Japan, Australia and India and issued separate demarches4 to each country days before the first-ever official level security consultation among them. It sought to know the purpose behind their meeting (Varadarajan, 2007). However, China has time and again expressed that both China and India have enough space to grow and prosper together. China officially has made no explicit comment at the official level about the Indo-Japan strategic relations. The Chinese leadership is not likely to comment on the Indo-Japan strategic cooperation as they know that despite the intention the practical implication on Chinese security of these kinds of bilateral cooperation is negligible until legal hurdles on exercising Japan’s right of self defence and collective self defence are put in place. Rather, China will object and protest when Japan changes its exclusive self

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4 A demarche is a formal diplomatic communication made with the purpose of, inter alia, eliciting information from another country and reflect the seriousness of the issue at the stake.
defence policies and eases constitutional restraints on exercising self defence as well as collective self defence.

**Indian Strategic thinking on Indo-Japan relations**

Unlike Chinese strategic thinkers who believe that an strengthening Indo-Japan strategic cooperation aimed at containing China, the opinion among Indian strategic thinkers are diverse on the issue. The Indian strategic thinking can be divided into two broader lines, one consisting of those who think a cooperation with Japan will put China in check and help achieve power equilibrium in the region and the second consisting of those who think that China is equally important for India. As regards the ongoing strategic cooperation Brahama Chellaney, a noted strategic thinker, termed the ongoing burgeoning relationship between India and Japan as a significant milestone in building an “Asian power equilibrium.” He notes that Japan and India are natural allies, with no negative historical legacy and no conflict of strategic interest. He observes that “never before in history have China, India and Japan been all strong at the same time” and advises that the three powers “need to find ways to reconcile their interests in Asia so that they can peacefully coexist and prosper.” But he opines that only “India and Japan desire a multipolar Asia and multipolar world.” The other two have “different playbooks: the US wants a unipolar world but a multipolar Asia; China seeks a multipolar world but a unipolar Asia” (Chellaney, 2008).

In yet another opinion column Chellaney notes that “concerned over China’s lengthening shadow, Japan and India are bracing for a strategic challenge in the Asian heartland, not to gain preeminence but to thwart preeminence” and observes that “in this distinct strategic triangle, if China were A, and India and Japan were B and C, the sum of B plus C will always be greater than A. That is why India and Japan are bound to become close strategic buddies, even as they attempt to ensure that their relations with Beijing do not sour.” Against this backdrop, Chellaney emphatically argues that “given that the balance of power in Asia will be determined by events as much in the Indian Ocean as in East Asia, India and Japan have to work together to promote peace and stability, protect critical sea lanes and stem the incipient Asian power disequilibrium (Chellaney, 2007).

London based Indian academician Harsh V. Pant, echoing a similar line, observes that “the rise of China in the Asia-Pacific and beyond has altered the strategic calculus of India and Japan, forcing them to rethink their attitudes toward each other.” He notes further that Japan is “reassessing its role as a security provider in the region and beyond, and of all its neighbors, India seems most willing to acknowledge Japan’s centrality in shaping the evolving Asia-Pacific security architecture” (Pant, 2011).

Rajaram Panda, another Indian strategic thinker also considers that Japan can be an important
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country to be considered for an Asian equilibrium. He believes that growing Indo-Japan ties “can keep China in check.” He observes that China’s assertive posture over territorial disputes with its neighbours, including India and Japan, coupled with its military modernization “does not augur well for peace and stability in Asia.” Against this context he opines that “for India, Japan as a partner in development vis-à-vis China, would serve a twin purpose: to help engage China, and also keep China under check” (Panda, 2010).

C. Raja Mohan, yet another Indian strategic expert in one of his columns regarding the ongoing India-Japan rapprochement opined that “New Delhi and Tokyo are looking forward to some high-level political exchanges in the coming weeks that could help unveil a ‘new beginning’ in bilateral relations.” Much before both countries transformed their friendly relations into a strategic relationship, he advised that India and Japan should “intensify the current tentative strategic dialogue between the two countries and expand the scope of interaction between the two security establishments.” At the same time he advised that India should utilize its diplomacy to pressure Pakistan to shun terrorism, arguing that “If Indian diplomacy has found ways to get the U.S. and China to put pressure on Pakistan in recent years on terrorism, there is no reason why such a strategy with Japan too should not be successful” (Mohan, 2003).

In a later musing, Raja Mohan observed that the rise of India has changed the “template of Asian balance of power.” He observed that “until recently, the triangular relationship between the US, Japan and China defined the terms of the regional security order. The rise of India…has altered the power politics of the region. Washington was quick to see the implications of a rising India and has rapidly transformed its relations with New Delhi. Abe’s India sojourn has signaled that Japan is following suit.” He also speculated that “as Japan and India move from an indifferent relationship of the last many decades to an all encompassing strategic partnership, Asia’s geopolitics is bound to alter irrevocably” (Mohan, 2007).

However, there is yet another emerging view among the Indian strategic thinkers who believe that both Japan and China are equally important. Ramesh Thakur, an academician who believes in this line argues that “the destiny of Asia in this century will be shaped by the triangular relationship between China, India, and Japan. The ‘strategic footprint’ of that triangle will cover the world. Cooperation between them will help to anchor peace and prosperity in Asia. Rivalry and conflict will roil the world.” He says that if these three powers cultivate their “relations based on complementary interests and realistic expectations rather than the deadweight of history or the baggage of naive idealism’’ they can transform Asia into an “area of peace.” He suggests that “China, India, and Japan should join forces to construct an architecture of regional order that fosters peace and promotes prosperity across Asia and the world without cutting across existing bilateral relations of any of the three” (Thakur, 2007).

Srinath Raghavan, a Senior Fellow at Delhi based think tank the Centre for Policy Research,
also believes that China is important for both India and Japan. He argues that “from a strategic standpoint, it would be unwise to convey an impression to China that our relationship with Japan is primarily directed against it.” He believes that both India and Japan has to cope with the rise of China “without stoking insecurity.” However he adds that India’s closer ties with Japan may also provide “strategic pay-offs” vis-à-vis China. “At a minimum, it will indicate to China that India has an important role in the emerging Asian security landscape. This, in turn, will strengthen India’s hand in dealing with China on bilateral matters. Nevertheless, India should not overestimate the importance of that aspect. Nor should we underestimate negative fall outs”, Raghavan says (Raghavan, 2010).

Some scholars are apprehensive about an exclusive security architecture sidelining China and argue for a cooperative security framework that should include China as well. For example, Sidharth Vardharajan, a noted columnist in India’s leading daily The Hindu, argues that “in its interaction with Japan, the Indian side needs to encourage a constructive approach to Asian security based on addressing current concerns as well as the lingering burdens of history.” He argues that India, Japan, South Korea and China, which have emerged as “principal powers” in Asia, should have multilateral and bilateral interaction with each other, adding that “without these four countries—and Russia—establishing a relationship of comfort among and between themselves, it will not be possible to develop the security architecture Asia needs to deal with future challenges.” He is also apprehensive of a “trilateral element” (read the US) creeping in the bilateral arrangement between India and Japan. He forewarns that “…the trilateral idea has two dimensions. At the military level, the United States would like to enhance the inter-operability of Asian forces loosely aligned with Washington. And at the political and strategic level, it would like to demonstrate that India, Japan, and the US will provide the nucleus around which any emerging security architecture in Asia must be built.”

He opines that “how to remain strategically engaged with Japan while also developing a strategic relationship with China and South Korea is a key diplomatic challenge that India will increasingly have to face up to.” He believes that security, and maritime security in particular, is not a zero-sum game in which a select group of countries band together and exclude others in a manner reminiscent of the Cold War. Cooperative security rather than containment is what Asia needs. Along with others in the continent, this is the goal India and Japan should pursue (Varadarajan, 2006a).

In yet another column he further elaborates his argument observing that “China, India, and Japan are the three principal pillars on which the cooperative Asian security architecture would have to be based, with a reunified Korea and also Russia eventually serving as pillars four and five, and ASEAN playing the role of sheet-anchor. For matters to go in this direction, however, it is
vital that the Asianist\(^5\) line—in China and in India—prevail. Asia is too big to be led by any one power and neither China nor India nor Japan can or should aspire to ‘lead’ Asia either by themselves or in alliance with an external power.”

As regards the US’s role in the Asian security architecture, he observes: “Since a regionalism that is cooperative would also be inclusive, there is no reason for the US to feel excluded and work against the emerging institutions. Like others from outside Asia, the US too would be welcome to take part in any future Asian security framework. But only as an observer or even a participant and not as a ‘leader’ or ‘driving force’” (Varadarajan, 2006b).

Like the Indian strategic thinkers the Indian media is also divided into opposing hawkish and dovish camps vis-à-vis China. When Prime Minister Abe was visiting India, a columnist in India’s *Outlook* magazine opined that “Japan and India are telegraphing a message to China—if you can throw a cordon around marking your presence in Pakistan’s Gwadar port, erect listening posts in Bangladesh, Myanmar, Cambodia and the South China Sea and work to politically limit India as a ‘regional player’ and use history to browbeat Japan, others too can play the game. India is laying out the red carpet for Abe, inviting him to address Parliament, an honour distinctly denied to Chinese President Hu Jintao” (Sirohi, 2007).

The *Hindu*, India’s leading English daily, on the other hand has been advocating to adopt a cooperative security framework while forging a relationship with Japan. In one of its editorial it cautioned Tokyo not to drag India into the US led Proliferation Security Initiative (PSI). It observed that “it is uncertain whether Mr. Koizumi pressed New Delhi to re-examine its position on the Proliferation Security Initiative.” It argued that PSI “ostensibly aimed at interdicting illicit trade… could also be used for other purposes. China, in particular, has reason to suspect the intentions of those who join the Initiative.” The daily also warned India not to join the initiative. It stated that “India has nothing to gain by getting sucked into dubious security arrangements. Its interests will be better served if it steps up bilateral cooperation with Japan in the economic and cultural spheres” (Hindu-Editorial, 2005).

In an editorial following Indian Prime Minister Manmohan Singh’s visit to Tokyo in October 2008 the daily opined that “for its part, Japan would like India to be more actively involved in the security architecture of the Asia Pacific region as part of either a trilateral or quadrilateral arrangement along with the United States and Australia. The joint declaration on security cooperation signed during Dr. Singh’s visit does not specify that it was crafted with a view to dealing with ‘new challenges and threats.’ Code phrases of this sort, which figure in the Japan-Australia document on the subject, would have left the declaration open to the interpretation

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\(^5\) According to Vardarajan , Asianists “consist of those who link China’s future to its ability to develop harmonious relations with all major Asian countries, particularly India but also Japan” (Varadarajan, 2006b).
that China was the target of this security tie-up” (Hindu-Editorial, 2008).

So it is clear from the arguments that though Indian strategic thinkers as well as the Indian media differ on how to engage China, there is a unique similarity in their views. Both agree that Japan occupies a central position for India’s future and national interest.

**Issues, Expectation and Challenges: Economic and Trade Relations**

Despite enjoying friendly relations, the trade and economic ties between India and Japan remained very weak during the Cold War period. A study by the New Delhi based think tank ICRIER ably describes the trade relations between the two Asian nations as such: “During the Cold War era, if India was guilty of dismissing Japan as a camp follower of the US, the Japanese in turn perceived India as a chaotic, dysfunctional, desperately poor country and not as a potential partner; the persistence of poverty in India and the successful drive for prosperity in Japan had changed the bilateral relationship. With the end of the Cold War, India began its “Look East” policy in the early 1990s that dovetailed with the opening up and liberalization of its economy” (Rajamohan, et al., 2008). The main reason for the absence of Japanese companies in the Indian market could have been the fact that India during the Cold War period followed a restrictive foreign private investment policy. As per Indian law a foreign company could have equity holdings of only up to 40%. However, Japanese companies were not totally absent from the Indian market altogether. Few Japanese companies had circumvented the Licence Raj system. For example Honda was operating with its Indian Partner Hero and was doing business in India. By the 1980s, some relaxation was made in the foreign investment policy, and this saw the setting up of Maruti, a central government joint venture with Suzuki Motors of Japan, in 1982. A crop of Japanese companies followed, who gained entry through technical collaborations or by getting exemptions. Sanyo and JVC used the technical collaboration route (Choudhury, 2009).

In the post liberalization era India realized that economic ties should be the “bedrock” of Indo-Japan relationship. Prime Minister Mannohman Singh and Junichiro Koizumi in 2005 agreed to set up a joint study group to study areas in which both the countries could engage in bilateral trade. The group in 2006 came up with set of proposals and suggested ways to enhance their trade. Indian Prime Minister Mannohman Singh, while addressing a joint session of the National Diet of Japan, acknowledged that the trade relationship between the two countries was “well below potential” (PM India, 2006) and launched negotiations on Comprehensive Economic Partnership Agreement (CEPA) to encourage a greater flow of trade, investment and technology between the two countries. He considered the CEPA with Japan so important that he visited Tokyo in October 2010 to announce that negotiations between the two had been completed. The two countries formally signed the CEPA in Tokyo on February 16. The CEPA will lead to a reduction of 10 percent of the tariff India had been imposing on over 9,000 imported Japanese industrial products. The pact will certainly boost bilateral trade which stands at around $11 billion as a large number of
middle income Indian households are expected to purchase Japanese automobiles, home electronic appliances and there will remain a strong demand in India for social infrastructure such as railway lines and a metro rail network. Japanese investment has been high in these sectors and patterns indicate that they are working with a growth strategy in these sectors.

Japanese investors are also showing interest in the Indian market. A survey by the Japan Bank of International Cooperation (JBIC) conducted in 2010 suggests that 74.9 percent of the 605 Japanese manufacturers selected India as their investment destination over the next 10 years, compared with 71.7 percent that chose China. A previous survey conducted by JBIC in 2009 found that China was first and India second (Mainichi, 2011). Here territorial disputes with China is acting as a factor as more and more Japanese investors want to reduce their dependence on China and to diversify investment risk and they are looking at India and Vietnam. However, China remains the top favourite for short term investment for Japanese entrepreneurs.

Despite consistent efforts by both governments, bilateral trade which was projected to touch $20 billion by 2010, missed its target. Trade between India and China touched around $60 billion. By signing the CEPA with Japan, India wants to attract more Foreign Direct Investment (FDI) in India and increase its trade volume from its current level. The statements by the Indian leadership suggest that they want to see “Japan become the largest FDI investor in India, in addition to being the largest development partner of India” (MEA India, 2005b). One of the Indian External Affairs Ministers noted that “Japanese investment is still insignificant compared to its total FDI, and very low compared to levels of China, and even in South East Asian countries” (MEA India, 2005b). But since China is registering high growth, for the Japanese investor it will remain a favourite destination for the next two to three years.

There is another expectation from India in terms of trade relations. India wants to achieve complementarities when it comes to trade. But finding such complementarities with Japan is difficult since Japan is an ageing society and consumerism remains low in Japan. India on the other hand has a growing economy and a consuming society. So in this scenario it would be difficult to find complementarities and a trade balance which remains in Japan’s favour. Thus, it’s a challenge for both economies to achieve a balance in trade.

**Civilian nuclear cooperation**

A civilian nuclear agreement between the two countries remains at the top of both governments’ agendas, though there has been little headway on the issue. India wants a civil nuclear cooperation with Japan in line with the Indo-US nuclear agreement. A nuclear cooperation with Japan is crucial for India to kick start nuclear energy generation as apart from the Russian company other three companies, General Electrics Westinghouse and Areva SA, which bagged a contract to set up nuclear energy plants, are either subsidiaries of Japanese companies or the Japanese companies have major stakes in those companies. The problem with the Japanese
companies is a legally binding principle of not selling arms and arms related technology to any
country adopted by the government in 1976 which is still in place. Without a relaxation in the
legally binding principles, Japanese companies would find it difficult to transfer those technologies
to its subsidiaries and in that sense Japan holds both the ‘yellow’ and ‘green cards’ for India’s
nuclear energy generation program.

There has been some headway, however, in this regard. The then foreign minister Katsuya
Okada, during his New Delhi visit, agreed to launch negotiations for a nuclear agreement. Okada
stated that “the decision to launch the negotiation for the nuclear cooperation agreement was
probably one of the toughest decisions that I had to make as Foreign Minister” (MEA India,
2010a). Japan took almost five years to move from the commitment to the negotiation stage. It had
made a commitment to India to enhance civil nuclear energy cooperation “through constructive
approaches under appropriate IAEA safeguards” in a Joint statement signed by Prime Minister
Mannmohan Singh and then Japanese prime minister Shinzo Abe in 2006. Japan’s slow but steady
approach in this regard suggests that Japan is finding it difficult to generate a consensus at home
and convince its anti-nuclear lobby which is against extending nuclear cooperation to non-NPT
signatory counties including India.

On the other hand, there has been sustained pressure on Tokyo from certain policy circles and
also from certain sections of the Ministry of Economy, Trade and Industry (METI) to go for the
deal. The Japanese Institute for International Relations, a leading think tank in Japan, was the first
to underscore the need for nuclear cooperation with India. In a 2007 policy recommendation it
suggested that the government should forge an agreement with India, arguing that “because of the
need to reduce global warming, India will presumably want to depend much more heavily on
nuclear power in the future. Japan’s technology and expertise in generating and ensuring the safety
of nuclear power is among the best in the world, so it is in an excellent position to cooperate with
India in these areas.” To allay Tokyo’s nuclear proliferation concerns, the think tank argued that
“even though India developed nuclear weaponry…, it has always called for global nuclear
 disarmament, it has strongly maintained policies promoting nuclear non-proliferation and it has
not abandoned those policies even after it had acquired a nuclear force. For these reasons we call
upon the Japanese government to cooperate with India on this issue…” (Policy Council, 2007).

The recent push for a nuclear agreement with India has also been driven by Japan’s
entrepreneurial needs and the Kan administration’s economic growth strategy (which includes
increasing export of infrastructure technology including nuclear technology). As part of this
growth strategy the Japanese government intends to create an overseas infrastructure market worth
$230 billion. The Japanese government under the supervision of Ministry of Economy, Trade and
Industry (METI) has set up International Nuclear Energy Development of Japan Co. (JINED) with

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6 For details, see PM Japan (2006).
an aim to form a centralized platform to increase Japan’s competitiveness in winning contracts for nuclear power projects overseas. The newly formed enterprise is eyeing the nuclear energy potentials of the UAE, Jordan, Saudi Arabia and India. The Indian nuclear energy market alone offers $150 billion. So the Japanese government will continuously face pressure from business groups to conclude a deal.

The challenges to the deal, however, come from the anti-nuclear lobbies and the Japanese media which has openly expressed concerns about the deal. Nagasaki Mayor Tomihisa Taue, who is also a member of various anti-nuclear groups, has termed such a deal as “beyond intolerable”. The Nagasaki Peace declaration issued on August 9, 2010, criticizes the Japanese government, saying that “… the government has recently been promoting negotiations on a nuclear agreement with India, a non-NPT member country with nuclear weapons. This means that a nation that has suffered atomic bombings itself is now severely weakening the NPT regime, which is beyond intolerable” (Nagasaki, 2010). The Japanese media has reported that the mayors of Nagasaki and Hiroshima have met Prime Minister Kan in an effort to persuade him not to go for a deal with a country which is not a NPT signatory. It seems that Prime Minister Kan has taken their reservations into consideration and has tried to allay the concerns of anti-nuclear groups. In one of his remarks he said that “we will pay sufficient attention to the issue of nuclear disarmament and nonproliferation and step up our efforts to get India to sign the Nuclear Nonproliferation Treaty” (Japan Times, 2010c).

The Japanese mainstream media, which helps construct a public opinion on an issue, has also voiced concerns about a possible Indo-Japanese nuclear agreement. As soon as reports of such an agreement came to light, Japan’s leading English daily The Japan Times in its lead editorial regretted the development. Commenting on the development it stated that: “Regrettably, Japan, which has advocated for a nuclear weapons-free world…has started talks with India on a pact to allow India to import civilian nuclear technology and equipment from Japan.” The daily suggested that “before agreeing to civilian nuclear cooperation…Japan should impose strict conditions on India so that Japan’s nuclear technology does not proliferate to other countries and thus the NPT regime is not undermined” (Japan Times, 2010a).

The Japan Times, in yet another editorial, suggested that the Japanese government “end the talks if India fails to commit itself to nonproliferation efforts.” Expressing concerns about the deal, the daily stated that “Japan should also be careful about its talks with India over a pact to allow India to import civilian nuclear technology and equipment from Japan. Japan should have the courage to end the talks if India fails to commit itself to nonproliferation efforts such as ratifying the Comprehensive Nuclear-Test Ban Treaty and stopping production of fissile material for nuclear weapons. Japan also should try to get India and Pakistan, both of which possess nuclear arms, to join the NPT” (Japan Times, 2010b).
Yet another daily, the *Asahi Shimbun*, has opined that such an agreement would erode the NPT and warned the Japanese government not to conclude the pact at the cost of damaging the NPT. In its editorial it reminded the Japanese government that “we must not forget that lax export controls are responsible for nuclear proliferation to India, Pakistan and North Korea. Exporting nuclear power plants is big business, and it can also help curb global warming. But is it right to develop this business at the price of damaging the NPT?” (Asahi, 2007).

All criticism apart, both countries have held rounds of negotiations over the nuclear cooperation agreements. One of the positive outcomes of the negotiations with Japan over the issue is that Tokyo has softened its previous stance. It was arguing that it will not have nuclear cooperation with a non-NPT signatory (India) but now it is putting a condition that a nuclear cooperation with India would be nullified if New Delhi further conducts nuclear tests. It seems Japan is putting these conditions to allay the concern of nuclear allergic Japanese who are averse to this kind of agreement with India.

The sentiments expressed by the anti-nuclear groups and the media suggests that opposition is likely to increase in Japan as Tokyo inches closer to signing a nuclear deal with India, and that the Japanese government may find it difficult to arrive at a consensus at home. The nuclear crisis in Japan following the March 11 earthquake and tsunami has once again generated safety concerns and a new debate over the viability of nuclear energy is gaining ground both in Japan and India. India, however, has expressed commitment for the safety of its nuclear plants in the wake of the Fukushima crisis. Against this background, it is likely that both governments will find it difficult to reach a consensus to ink a deal and it would certainly delay the process.

**UN Reform and UNPKO**

United Nations reform, specially the expansion of permanent membership of the UN Security Council (UNSC) and cooperation in UN Peacekeeping Operations (UNPKO), is yet another issue on the bilateral agenda of both governments. From Asia both Japan and India are aspirants of acquiring a permanent seat on the UNSC. But instead of lobbying for the high table alone which could have led to some bickering both decided to join hands with other aspirants–Germany and Brazil. They formed Goup-4 to realize their UNSC aspiration. This was certainly a new push to the friendship of both countries. In 2004 they reaffirmed that “we will work together towards realizing a meaningful reform of the United Nations, including that of the Security Council, together with other Member States” and pledged to “support each other’s candidature” (MEA India, 2004).

In 2005 the G-4 again reiterated that “the Security Council must be reformed to represent today’s global realities, not the world of 60 years ago” and demanded that “the Security Council must be expanded in both permanent and non-permanent categories, on the basis of equitable representation, with the inclusion of both developed and developing countries” (MEA India,
However, after the term of Kofi Annan as Secretary General of UN (who was one of the strong proponents of UN reform) ended, the issue has not been debated vigorously. Nonetheless the issue remains on the agenda of both governments as they keep reiterating the need for UN reform and expansion of the Security Council. Both Japan and India reiterated their commitment in a joint statement when Prime Minister Hatoyama visited India in 2009. Both “decided to accelerate their efforts, in close cooperation with the G4 and other like-minded countries … to make the Security Council more representative, credible and effective for meeting the challenges of the new century” (MFA Japan, 2009).

The other issue which is still at the level of debate among the strategic communities of both countries is a possible cooperation between the two countries in peacekeeping operations. The Japanese Diet has allowed its SDF to participate in peacekeeping missions in non-combat zones only. Since there are strict conditionalities on using arms, the Japanese SDF has participated in a peacekeeping mission in Samawah, Iraq under a “security cover” provided by other nations such as Norway and Australia. India providing a similar security cover to the Japanese SDF in a peacekeeping mission could be a possibility, but only in a UN mandated mission where Indian troops are also on the ground. It would be difficult for India to undertake this responsibility in a mission which has no approval from the UN as well as the Indian parliament and public.

Maritime Security

Both India and Japan are maritime nations of Asia and depend heavily on their sea based exports and imports. Nonetheless, they remain isolated from each other and there was negligible maritime cooperation between the two for the safety of sea lanes. However, increased piracy in the Indian Ocean acted as a triggering incident to bring the two nations together for cooperation in maritime security. Indian strategic thinker Vijay Shakhuja notes that “the Japanese interest in the maritime capabilities of India was triggered with the rescuing of a Japanese freight ship M.V. Alonda Rainbow in November 1999 by the Indian coastguard from pirate hijackers. While appreciating the effort made by the Indian forces, the then Japanese transport minister Toshihiro Nikai wrote a letter to the Indian Defence Minister, in which he clearly stated that the Indian initiative in this regard underscored the importance of international cooperation to challenge piracy. He also hoped that such an action would be able to deter piracy acts in the region in the future” (Sakhuja, 2000, p. 187).

Thus cooperation in maritime security opened doors for strategic cooperation. The next year when Indian Defence Minister George visited Tokyo he announced that both countries would hold annual high level defence consultations and noted that “…the Japanese coastguard ships and Indian vessels will conduct joint training in tackling piracy. The issue, though, is not piracy alone” (Chandra, 2000). While referring to the unresolved territorial disputes in the South China Sea region, he further stated, “A strong India, economically and militarily well endowed, will be a very
solid agent to see that the sea lanes are not disturbed and that conflict situations are contained” (Chandra, 2000).

Indo-Japan relations received a boost in maritime security cooperation since the initiation of the bilateral security dialogue. As reflected in the earlier discussion, such cooperation basically included anti-piracy operations and the security of the Sea Lanes of Communications (SLOCs). While referring to the convergence of maritime interests between India and Japan, during her January 2003 visit to India, Japanese Foreign Minister Yoriko Kawaguchi stated, “Cooperative maintenance of the security of maritime traffic in the sea lanes that stretch across the Indian Ocean and the Straits of Malacca are among the security and defence issues which deserve our increased attention. Both countries share common interests and concerns regarding these issues” (Ghosh, 2008, p. 287).

The statement suggested that Japan wanted to extend existing maritime cooperation, which it started with India to ensure the safety of SLOCs beyond the present commitments. Indicating for the first time towards this need, former Japanese defense agency chief Shigeru Ishiba observed—“the Most important thing for this region is to have a good collaboration between Australia, the US, India and Japan. These four countries should have a candid exchange of views and then try to make a contribution to formulate rules for international society” (Dialogue, 2005).

These statements identical in nature were witnessed at a time when China was maximasing its naval powers by constructing a military port in Gwadar in South West Pakistan. Similarly, China was built a container port facility in Chittagong in Bangladesh for its naval and merchants’ fleets as well as more naval and electronic intelligence-gathering facilities on islands owned by Mayanmar in the Bay of Bengal (Kaneda, 2005). The US Defense Department has termed the construction of these chains of ports as a “string of pearls” strategy in a bid to strengthen its sea power (Cody, 2005). This alarmed major maritime powers such as Japan, the US and Australia.

India, though, has not shown much enthusiasm to forge an alliance with Japan or any other country to contain the emerging maritime power of China, but collaboration between Japan and India which are located east and west of China certainly would be an effective policy of caution.

India’s participation in the recently conducted joint exercises in the Bay of Bengal with ships from Japan, the US, Australia and Singapore was enough to believe that it is being drawn closer in “containment of China strategy” though they admit that these exercises were aimed at responding to a regional disaster.

At a time when India is emerging as an economic power, an initiative from India for collaboration in maritime security with Japan and Australia would prove helpful also in safeguarding its vessels ferrying in the Indian Ocean.
Expectation, however, is growing in India about Japan’s complementarities in naval and in other fields. A Japanese columnist noted that such an expectation in India is there including suggestions to revise Article 9 of the Japanese Constitution (Ishikawa, 2010). These expectations suggest that Indians expect Japan to play a larger role in case of an emergency situation in the Indian Ocean. The suggestions to amend Article 9 of the Japanese Constitution possibly reflects the fact that understand that Japan cannot act on its own given the Constitutional restrictions imposed on the Japanese SDF to use force in self-defence as well as in collective self-defence. I believe, however, Japan should take its own course to decide on this issue as it is purely an internal matter and it is the Japanese who should decide whether to amend its supreme legal document.

**Conclusion: The future ahead**

As has been discussed above, Japan and India have firmly established strategic partnerships. It was fear of US abandonment that led Japan to consider forming new strategic partnerships. However, the rise of China has served as a savior of the US-Japan alliance. The US is also trying its best to utilize the existing India-Japan security framework in its interest and has been arguing for a network of security alliance in Asia. Seen from the Japanese perspective, Japan still will need a likeminded partner such as India as it envisages a relative decline in the US’s power in East Asia and also realizes the fact that the US is focusing less on regional security as it is military occupied at different fronts in other regions. The fact that India will remain an important partner for Japan’s national interest is reflected in its new defence guidelines. Japan has stated that it will “enhance cooperation with India and other countries that share common interests in ensuring the security of maritime navigation from Africa and the Middle East to East Asia” (PM Japan, 2010, p. 9).

India’s swift dispatch of a team of its National Disaster Response Force to lend its help in relief missions in tsunami and radiation affected areas suggests that India will remain a key nation for Japan’s overall national security (Suryanarayana, 2011). The ten-day Indian mission, according to Prime Minister Naoto Kan demonstrated “India’s true friendship and feeling of goodwill towards Japan” (Kan, 2011). The special mention of Indian assistance following March 11 crisis by Prime Minister Kan in an Op-Ed column by him will have lasting impact on Indo-Japan relations as a whole.

Maritime security will continue to bring both countries closer together in the next two decades because maritime security in East Asia and beyond seems shaky. The East Asian region is likely to witness more unpleasant incidents in the future. Reports suggests that China after completing the first stage of a strategy to strengthen its naval presence near the Senkaku Islands will embark on its “second stage strategy” during the period 2010 to 2020 and would seek to establish control of waters within the “second island chain” that links Japan’s Ogasawara island chain, Guam and Indonesia. In the third and “final stage” from 2020 to 2040 China envisages to
put an end to the US’s domination over the Pacific Ocean and Indian Ocean. India will certainly seek the help of Japan and other countries to overcome the planned domination by China.

However, there are other factors such as the interdependent nature of the counties’ economies as well as their shared democratic values that will bind the two countries closer in the near future.

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