

# India and Japan: Exploring Strategic Potentials

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*The strategic environment of the world, particularly in Asia, is in a state of dramatic flux. The overwhelming economic and military presence of the United States in Asia is on the wane. China is a rising power, both economically and militarily, and its power projection capabilities are causing concern amongst its neighbours. Though the United States is a declining power, China is not the logical successor, not at least in the near term. These developments have led to realignment of power equations between countries in Asia. In this unfolding strategic landscape, India and Japan, two important players in Asia, are exploring the strategic dimension of their relationships. While growth momentum in the economic domain is not at the desired level, the institutional political structure provides the platform for honing the potentials to their mutual benefits. As a result, a great deal of commonalities is now visible in strengthening bilateral ties in political, economic and security fields. The present paper makes an attempt to evaluate and examine this dimension of the bilateral relationship and the economic dimension that compliments this. The author argues that the developments in the bilateral relations in all fronts suggest that in the coming decade, India-Japan bilateral ties will play critical role in stabilizing the emergence of the new Asian order, in which India, Japan and China can be responsible stakeholders.*

## Introduction

As two important players in Asia, both India and Japan have unearthed a great deal of complementarities in their economies. The process of this search was precipitated by the collapse of the Soviet Union and the subsequent change in India's economic policy, away from import-substitution and inward-looking and towards export-oriented development strategies. This has unfolded vast areas of cooperation between India and Japan. While growth momentum in the economic domain is not at the desired level, as compared to India's economic engagement with, for example, China, Korea and Australia, the institutional political structure provides the platform for honing the potentials to their mutual benefits. As a result, a great deal of commonalities is now visible in strengthening bilateral ties in political, economic and security fields.

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The strategic environment of the world, particularly in Asia, is in a state of dramatic flux. The overwhelming economic and military presence of the United States in Asia is on the wane. China is a rising power, both economically and militarily, and its power projection capabilities are causing concern amongst its neighbours. Japan had become a declining power for some time and still struggling to come out of its prolonged recession. China has already overtaken Japan as the world's second largest economy in June 2010. Though the United States is a declining power, China is not the logical successor, not at least in the near term. These developments have led to realignment of power equations between countries

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in Asia. In this unfolding strategic landscape, both India and Japan are exploring the strategic dimension of their relationships. The present paper will make an attempt to evaluate and examine this dimension of the bilateral relationship and the economic dimension that compliments this. In this contours of defining strategic interests, though the economic issue is an important driver, this has been kept aside to be dealt with elsewhere.

As mentioned, the strategic environment in Asia is rather fluid. Apart from the China factor, the belligerent posture by North Korea means unease peace in the Korean peninsula. The denuclearization issue of North Korea has kept major powers in Asia engaged and a long-term solution remains eluded. The political transition in Japan from the long rule of the Liberal Democratic Party (LDP) of Japan to the Democratic Party of Japan (DPJ) has injected a new dimension to Japan's foreign policy. The DPJ's foreign policy outlook seems to be oriented more towards Asia, while defining an "equal partnership" with the United States.<sup>1</sup> This means redefining the nature of Japan's relationship with the United States. In this changing dynamics of power equations, India and Japan find themselves as strategically positioned to reassess their relationships.

## **Backdrop**

Apart from choosing a market-driven economic development growth strategy, India has not felt shy to demonstrate its desire for a larger regional and global role for itself, commensurate with its rising profile. It has forged a strategic partnership with the United States; continued its quest for a permanent seat on the UN Security Council; strived to forge strong economic relationships with China; and aspiring to possess a "blue water" navy. These demonstrate major shift in its foreign policy. A parallel development that is unfolding in the India-

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After decades of lull, the visit of Prime Minister Mori Yoshiro to India in August 2000 laid the path for exploiting the potentials to their mutual benefits. The visit was a major turning point and it prepared the ground for treating India as an important regional ally by declaring “Japan and India are global partners”.<sup>2</sup> It was for the first time, the term “global partnership” was used. This centred on two pillars, namely, broadening and deepening the development of bilateral relations, and meeting global challenges. Subsequent joint statements revealed the growing interests on both sides to give a multidimensional perspective to the relationship. For example, the April 2005 joint statement issued during Koizumi Junichiro’s visit to India introduced a “strategic” dimension to the partnership. When Prime Minister Abe Shinzo visited India in August 2007, the joint statement sought to provide a roadmap for new dimensions to the strategic and global partnership. The October 2008 joint statement during Prime Minister Manmohan Singh’s visit to Japan mentioned of the advancement of the strategic and global partnership. Further, the joint statement of December 2009 spoke of the “new stage” of the enduring strategic and global partnership. This demonstrates that both the countries have found a great deal of convergence in their security and strategic interests.

### Defining Strategic Relationship

The canvas of a “strategic relationship” is much larger than mere “political relationship”. While political relationship means maintaining periodic dialogue on bilateral, regional and global issues, strategic relationship goes beyond mere political dialogue and encompasses defence, economic and security dimensions in the relationship impinging in the bilateral ties, in the region and the world. In conventional definition of strategic partnership, it is a long term, win-win commitment between two countries for the purpose of achieving specific objectives by maximizing the effectiveness of each other’s resources. This relationship is based upon integrity, trust, dedication to common goals, and an understanding of each other’s expectations and values.<sup>3</sup>

If one goes by the above definition and applies in the context of India-Japan relations, one finds huge opportunities in reaping dividends in economic, political and strategic realms. While economic factor is a major driver in pulling both towards each other, matching of interests in the defence domain is the propelling factor to further their mutual economic interests. The following pages will identify some of these factors on case study basis.

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## Common Interests in the Maritime Domain

There is a great deal of convergence of strategic interests between the two countries in the maritime domain. As the economies of both the countries are heavily dependent on imports of oil from the Persian Gulf, dependence on sea-based transport provides the trigger for forging closer naval cooperation in order to secure critical energy supply routes. The Constitutional limitation inhibits Japanese Maritime Self Defense Forces (MSDF) to deploy its Navy to international water and, therefore, cooperation with Indian Navy becomes a strategic priority for Japanese planners.

The geographical location endows India with an opportunity to play a critical strategic role in ensuring maritime safety. India's strategic positioning between two choke points for global oil supplies – the Strait of Malacca to its east and the Strait of Hormuz to its west – attracts major economies in Asia whose energy supplies must pass through these two Straits. It is estimated that as much as 33 per cent of international trade and 50 per cent of world's oil pass through these sea lanes. As regards Japan in particular, the Straits of Malacca is the main

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passage between the Indian Ocean and the South China Sea and, therefore, vital lifeline for Japan's international trade. As 90 per cent of Japan's oil requirements come from the Persian Gulf, securing the Sea Lanes of Communication (SLOCs) is critical to Japan's economic future. As the SLOCs have become vulnerable in recent years to piracy attacks and terrorism at sea, Japan considers India as a strategic asset for closer naval cooperation.

Indian Navy has established its reputation in combating terrorism at sea and engaged

in anti-piracy operation. Japanese ships have become targets of attacks by pirates. The reputation of Indian Navy and Coast Guards in the Japanese eyes was enhanced when the Indian Navy and Coast Guard rescued the Japanese vessel *MV Alondra Rainbow*, hijacked by pirates from the South China Sea, in November 1999. By doing so, India demonstrated to the world that it can play a critical stabilizing role in a volatile world where the security environment was deteriorating rapidly.

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for Strengthening Japan-India Global Partnership. It reaffirmed “the desire of both to further develop dialogue and exchanges between the two countries in the security and defence fields, including through full utilization of the Comprehensive Security Dialogue, Defence Policy Dialogue and Military-to-Military Talks”.<sup>4</sup> It also recognized the importance of ensuring the safety and security of international maritime traffic and resolved to engage in annual Japan Coast Guard-Indian Coast Guard talks. Besides, joint exercises against piracy as well as cooperation through means of information sharing and technical assistance were envisaged. The Joint Statement also made provisions for the MSDF and the Indian Navy to enhance their cooperation, including through exchange of views, friendship, visits and other similar activities.

Ever since the institutionalization of bilateral security dialogues, visits by defence ministers have become a regular feature in the bilateral relations. This is manifested in annual comprehensive security dialogue, service-to-service exchanges and military-to-military talks, and joint coast guard exercises.

Even though there is a democratic transition in Japan from the LDP to the DPJ rule, Japan’s traditional security concerns remain unchanged. On the contrary, there has been a change in focus in the DPJ-ruled government’s foreign policy orientation. The DPJ administration’s foreign policy is being projected towards downscaling Japan’s security alliance with the United States and move towards Asia. Hatoyama’s handling of Japan’s relations with the US, particularly on the relocation of Futenma base, strained Japan-US bilateral ties. Hatoyama’s successor, Kan Naoto, has taken some damage-control measures. If Japan continues for some more years its Asia-centric foreign policy, India-Japan security relationship might evolve in a favourable environment.

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It needs to be kept in mind, however, that the Japan-US alliance has not outlived its utility and should not be underestimated. As India has a very loose definition of the strategic partnership and not evolved into a macro-level understanding, the partnership will remain constraint to some extent. It is argued, therefore, that the resilience of Japan-US alliance relationship will continue to remain robust, while allowing Japan to develop similar relationship with India, for example, and without undermining Japan-US relationship.

Broadly, Japan’s traditional security concerns have remained in the following four areas:

- Implications of the rise of China as a modern military power with its extended strategic reach and periodic belligerent utterances on Taiwan, Tibet and

assertive policy on disputed islands in South China Sea and Sparty Islands where some other Southeast Asian countries have contending claims;

- Implications of North Korea's nuclear and missile capabilities and the suspected Chinese complicity in furthering Pyongyang's nuclear programme;
- The emergence of Asia as the epicenter of nuclear proliferation with North Korea, Myanmar and Pakistan as front runners; and
- Threat to Japan's maritime trade and energy supplies from State as well as non-State actors.

Until recently, different Japanese Prime Ministers have built grandiose ideas and visions as was demonstrated by Koizumi's idea of "arc of advantage and prosperity" to complement his "Global Partnership" or Abe's "value oriented" vision of "arc of freedom and prosperity". Regrettably, however, these concepts have remained virtually "unimplemented due to conceptual obscurity and lack of convergence on issues of common concern."<sup>5</sup> The slow progress in strengthening strategic bonds despite agreement in principle has something to do with the cultural factors. One needs to understand the Japanese decision-making style, whether in business or otherwise, which is long-drawn and sustained and virtually tests the patience of the other side. Such cultural traits, however, do not negate the Japanese commitment on a cause once a decision is made. This calls for patience and understanding to work with Japan in a partnership framework.

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Of the four security concerns, Japanese defence planners have viewed Japan from three different angles: as "considerable threat", "realistic threat" or a "potential threat". In contrast, despite much talk on China's belligerence, India's threat perception of China does not see it as a 'threat' but more of a concern for Asian stability. Yet, India and Japan are much in agreement in standing together to face China. For Japan, it may be looking towards India as a hedging strategy on its China policy. Be that as it may, the China factor is important for forging a strategic bond between India and Japan, though Prime Minister Manmohan Singh clarified that the "comprehensive security"<sup>6</sup> framework between India and Japan was not directed against China.



The fourth security concern – threat to maritime trade and energy supplies from non-State actors, particularly from terrorists and pirates – is the key driver in bringing India and Japan together into a mutual security framework. Indeed, the Singh-Aso Joint Declaration on Security Cooperation of 22 October 2008 clearly envisaged the areas of cooperation in the following areas:<sup>7</sup>

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- Co-operation between Coast Guards
- Safety of Transport
- Fight against terrorism and transnational crimes
- Sharing of experience in peacekeeping and peace-building
- Disaster management
- Disarmament and non-proliferation

It spelt out the cooperation in the fields of maritime security and counter-terrorism as follows:

- “The two Coast Guards will continue to promote cooperation to ensure maritime safety, maritime security and to protect maritime environment through joint exercises and meeting between the two Coast Guards according to the Memorandum on Cooperation between the Japan Coast Guard and the Indian Coast Guard”.
- “In relation to the safety of transport, Shipping Policy Forum will be conducted between Maritime Authorities and private sectors, and consultation will be conducted between Railway Authorities.”
- “Bilateral consultation will be conducted to promote counter-terrorism cooperation through such means as Joint Working Group on counter terrorism between the relevant government offices including the Ministries of Foreign Affairs. Mechanism of sharing of information will be sought with regard to suspicious transaction on money laundering and terrorist financing between the two Financial Intelligence Units.”

Drawing up specific action plans in respect of each agreed area of cooperation was next on the agenda. During his visit to Tokyo on 2-3 July 2009, Indian Minister for External Affairs, S.M. Krishna, discussed with his counterpart Nakasone Hirofumi

the follow-up action for the implementation of this framework agreement. It was agreed that a bilateral dialogue on maritime security, inclusive of anti-piracy cooperation, should start soon.<sup>8</sup> It was a bit surprising that between October 2008 and July 2009, no virtual progress was made on drawing up of the action plans for implementation. However, a point that emerged relevant soon was worth noting: the DPJ Vice President Seiji Maehara had told S.M. Krishna during his July 2009 visit to Japan that India-Japan relationship is “extremely important”.

### **Consolidating Ties under DPJ Rule**

When Japan experienced a democratic transition of power from the long-ruled LDP to the DPJ under Hatoyama Yukio in August 2009, his foreign policy orientation towards Asia raised both respect and awe in Asian capitals. Hatoyama articulated his foreign policy in an article in the *New York Times*, in which he questioned the continuance of US-led globalism and observed that the world is moving towards an era of multipolarity.<sup>9</sup> Hatoyama’s stress on Asia in his foreign policy calculus came demonstrably clear when Hatoyama floated the idea of an East Asian Community while visiting China and South Korea in October 2009.

### **Antony’s Visit to Japan in November 2009**

Initially it was feared that India may not get prominence in Hatoyama’s foreign policy radar as India did not find a mention in the DPJ 2009 election manifesto.<sup>10</sup> This was probably an aberration as subsequent statements made by DPJ leaders showed. From India’s side, the suspicion was allayed when Defence Minister A.K. Antony visited Japan on 8-10 November 2009, which demonstrated India’s response to Hatoyama’s deepening engagement with Asia.<sup>11</sup> In fact, Antony was the first Cabinet Minister to visit Japan after the DPJ took power.

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Both Antony and his counterpart Kitazawa Toshimi reviewed the on-going defence-related interactions and explored the ways to enhance such exchanges for mutual benefits. The issue of conducting joint exercises between the two armed forces and exchange of students in their respective defence training institutions was discussed. The possibilities of co-ordination of efforts in anti-piracy operations in the Gulf of Aden and other maritime security challenges also dominated the discussion.

Indeed, the Joint Statement of November 2009 which resolved both India and Japan to strengthen joint anti-piracy operations in the Gulf of Aden was in continuation of the bilateral security and



defence co-operation agreed upon by the Defence Ministers of the two countries in the Joint Statement of May 2006 and Joint Declaration on Security Cooperation between Manmohan Singh and Aso Taro of October 2008. Indeed, the navies of the two countries are already involved in coordinated anti-piracy operations and sharing the burden of patrolling in the Gulf of Aden.

Antony and Kitazawa consented to step up defence cooperation, including joint military exercises, bilateral and regional cooperation in peacekeeping, disaster relief and the ASEAN Regional Forum. With this agreement, the two ministers gave a “facelift to the existing bilateral defence cooperation”.

### **Hatoyama’s visit to India in December 2009**

The initial reservations on the India policy under the DPJ dispensation were dispelled when Prime Minister Hatoyama visited India, despite domestic political turbulence, and thereby underscored the importance that Japan attaches towards India. An Action Plan to advance Security Cooperation based on the Joint Declaration on Security Cooperation of October 2008 was adopted. It identified nine areas where both countries can cooperate and work together. These are:

- Strengthening cooperation on issues of common strategic interests;
- Strategic cooperation mechanisms;
- Defence cooperation: regular meetings between the Defence Ministers;
- Exercises;
- Non-traditional security threats;
- Exchanges/Seminars;
- Coast Guard cooperation;
- Safety of transport;
- Information exchange and cooperation in fight against terrorism and other transnational crimes;
- Cooperation at the United Nations; and
- Disaster management.<sup>12</sup>

## An Assessment

Thus, as it transpires from the Action Plan to advance Security Cooperation, both the countries have resolved to define a relationship whose strategic depth is

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overarching, from bilateral to the regional and global domain. From Japan's perspective, engaging India in a security cooperation framework is a strategic move as Indo-Japanese maritime cooperation for maritime security in the Malacca Strait will prevent suspicion in the region that continues to retain bitter wartime memories. If Japanese ships start playing an active role in patrolling the SLOCs, the spectre of a Greater Asia Co-prosperity Sphere<sup>13</sup> in another form might lurk in the region. In contrast, there is no such reservation about Indian ships and, therefore, Japanese role will remain limited to extending assistance in the form of equipment, capacity-building, etc.<sup>14</sup>

Indeed, there exists a broad bilateral political consensus in Japan on the importance of Indo-

Japanese cooperation to strengthen maritime security. A wide spectrum of Japanese people, ranging from political class to business class and shipping circles see merit in strengthening India-Japan cooperation in the maritime domain as over 90 per cent of Japan's oil and gas imports as well as large part of merchandise trade transit through the Gulf of Aden and adjoining seas and the Strait of Malacca. If there are major disruptions in supplies owing to either piracy or maritime terrorism, it would adversely impact the Japanese economy.

As the Action Plan demonstrates, the prospect of joint initiatives for maritime security by the Navies and Coast Guards of the two countries in the seas to the West of India is great. As mentioned, Somali pirates are very active in the Gulf of Aden and nearby seas and Japan is very much concerned not only for the disruption of supplies of critical oil imports but also because of the number of attacks on Japan-related ships.<sup>15</sup> A number of ships have been hijacked and undisclosed ransom amount have been paid to get the ships and crew released. Japan has legitimate concern on this as approximately 2,000 Japan related-ships pass through this area every year.<sup>16</sup>

## Nuclear Issue

Controlling the proliferation of Weapons of Mass Destruction (WMD) provides a common platform for both the countries to speak with one voice. The series of Joint Statements and declarations routinely stress this point. Japan has noted India's record as a non-proliferator of WMD as came demonstrably clear in the

joint statement of December 2001. Not only had both agreed to “work as partners against proliferation” of WMD, they also agreed to cooperate in implementing vigilant export controls of sensitive material and technologies.<sup>17</sup>

Differences, however, exist between the two countries on the possible cooperation in critical civil nuclear area. Though several summit meetings have taken place, a breakthrough in the civil nuclear area has eluded them. That both strive for the ultimate goal of total elimination of nuclear weapons remains unquestioned. However, during Hatoyama’s visit to India in December 2009, he stressed the importance of bringing into force the Comprehensive Nuclear

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Test Ban Treaty (CTBT) at an early date. In a joint Press interaction, Hatoyama stressed on the global momentum towards early entry into force of the treaty and expected India to join the United States and China to sign and ratify CTBT at an early date.<sup>18</sup> He also referred to the Fissile Material Cut-Off Treaty (FMCT) and expected India to join Japan in the negotiation process for its early conclusion. He

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almost made the high-technology trade conditional to India’s effort in a speedy conclusion of the FMCT that proposes to prohibit further production of weapon-grade uranium and plutonium. Prime Minister Singh reiterated India’s commitment to a unilateral and voluntary moratorium on nuclear explosive testing.<sup>19</sup> Japan expects India to assure that its high-tech imports would not be diverted for weapons or to third countries, taking note of the “enormous” scope in the area.<sup>20</sup> Both countries also agree on strengthening in international cooperation with a view to addressing the challenges of nuclear terrorism and clandestine proliferation.<sup>21</sup>

India-Japan bilateral ties retreated into a chill following India’s 1998 nuclear tests at Pokharan. Japan suspended all its economic aid to even the on-going projects. The move was seen in India as Japan’s over-reaction and lack of understanding of India’s compulsions. The 1998 nuclear tests had invited sanctions from many Nuclear Suppliers Group (NSG) countries, including Japan. Political relations, however, steadily improved from 2001 onwards, during the tenures of Koizumi Junichiro, Abe Shinzo, Fukuda Yasuo and Aso Taro. The trend continued during Hatoyama.

As the only country to have been a victim of nuclear attack in history, Japan is quite sensitive to things ‘nuclear’ and public opinion is vehemently opposed to nuclear proliferation in any form.<sup>22</sup> No wonder, Japan has remained inflexible on issues such as Nuclear Proliferation Treaty (NPT) and CTBT, though Japan now understands

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India's position and history of using nuclear power for civilian purposes. A public position by Japan on this issue in India's favour would send a wrong signal to the world about Japan's possible nuclear future. As such, differences between the two countries on the nuclear issue must not be read seriously in evaluating the evolving India-Japan relationship or even making projection for the future.

This, however, underscores the fact that India's refusal to accede to the NPT and CTBT does contribute to its continuance as an irritant in the bilateral ties. Prime Minister Singh reiterated India's long-standing position that India's decision

on the CTBT would follow ratification by the United States and China. He clarified that should the US and China ratify the CTBT, "a new situation will emerge".<sup>23</sup> The two countries are yet to approve the pact intended to prohibit all nuclear weapon test explosions.<sup>24</sup> India has taken a consistent position that both the NPT and CTBT are discriminatory. In a marked departure of its earlier stand, Japan now understands and appreciates "the circumstances in which India had to go the nuclear weapon" way in 1998, though had suspended all economic contacts and froze Official Development Assistance (ODA), except continuing assistance to on-going projects.

Though there was no agreement on civil nuclear cooperation during Hatoyama's visit, it seems that it is a matter of time when Japan will see enormous benefits that would accrue if it revisits its position.<sup>25</sup> In view of the waiver granted by the 45-nation NSG to India to conduct trade in nuclear materials and technology, India would expect Japan to re-examine its position. In fact, even without a breakthrough, Hatoyama sounded positive on possible civil nuclear cooperation, though he remained cautious on relaxing high-technology trade. Hatoyama appreciated Singh's explanation of the circumstances under which India was forced to develop nuclear weapons.<sup>26</sup>

Energy-starved India is keen to woo Japan's thriving nuclear power industry but Tokyo has so far not allowed Japanese companies to do business in nuclear reactors and fuels until New Delhi agrees to stop conducting nuclear tests. In view of the nuclear accord that India signed with the United States in 2008, which reversed more than three decades of US policy barring the sale of nuclear fuel and technology to India since its first atomic test in 1974, and the NSG waiver, Japan finds itself now in a different position.

India currently has at least 14 civilian nuclear reactors. "India has a flourishing and largely indigenous nuclear power programme and expects to have 20,000 MWe nuclear capacity on line by 2020 and 63,000 MWe by 2032. It aims to supply 25

per cent of electricity from nuclear power by 2050.”<sup>27</sup> India had been excluded for the past 34 years from trade in nuclear plant or material as it is not a signatory to the NPT.

India meets its nuclear energy self-sufficiency from programmes such as uranium exploration and mining through fuel fabrication, heavy water production, reactor design and construction, reprocessing and waste management. Besides its small fast breeder reactor and plan to build a much larger one, India is also developing technology to utilize its abundant resources of thorium as a nuclear fuel.<sup>28</sup>

There is another dimension to the nuclear issue. What is more important in roping in Japan into a nuclear arrangement with India is that both the US and France want to use Japanese-made equipment in nuclear power plants they aim to build in India. Both these countries and Japanese companies are urging Tokyo to facilitate their business in the emerging India. Also, on 18 June 2010, the Japanese Cabinet adopted a new 10-year growth strategy, which included promoting export of nuclear power generation facilities.<sup>29</sup> Japan has taken note that India has already inked similar agreements with the US, France, Canada, Russia, which are trying to boost their nuclear power industries.

Six Japanese companies have announced an office in preparation for a new company to support Japanese involvement in new nuclear projects around the world.<sup>30</sup> The powerful consortium comprises utilities Tokyo Electric Power Co (Tepco), Chubu Electric Power Co and Kansai Electric Power Co, and plant manufacturers Toshiba Corporation, Hitachi and Mitsubishi Heavy Industries (MHI). The new office is tentatively named as International Nuclear Energy Development of Japan, will be engaged in activities to establish proposals for nuclear power plants in emerging countries.<sup>31</sup> “The

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swirl of geopolitics behind giant nuclear deals is increasingly evident as the US seeks to challenge or even block outright China’s planned sale of more nuclear power plants to Pakistan.”<sup>32</sup>

Though still non-committal, Japan understands the strategic importance of India and the significance of meeting its energy demand. There is a greater appreciation in Japan that nuclear power would also help India fight global warming. Both the countries had the first round of talks on 28 June aimed at

sealing a bilateral civilian nuclear cooperation pact. Under this pact, Japan would export its nuclear power generation technology and related equipment to India while banning India from using them for military purposes or transferring them to another country.<sup>33</sup> The export of nuclear power plants is an important part of the Kan administration's growth strategy.<sup>34</sup> When India got the NSG to decide in its favour, India had agreed to let the International Atomic Energy Agency inspect 14 of its 22 reactors. Japan might demand that India open the remaining reactors to IAEA inspection.

The Japan Forum on International Relations (JFIR) strongly recommends Japan to forge nuclear-links with India.<sup>35</sup> Supporting India's economic growth momentum, Japan is cognizant of the fact that India's greatest challenge to maintain growth is to secure sufficient energy supplies, especially for the generation of electricity. Japan's technology and expertise in generating and ensuring the safety of nuclear power is among the best in the world and, therefore, the JFIR urged Japan to cooperate with India in these areas in view of its excellent position. In particular, the JFIR identified following specific reasons why Japan needs to cooperate with India, including (1) the political significance of such cooperation; (2) the need for India to deal with its lack of energy resources; (3) the growing threat of global warming; (4) the advantages of promoting cooperation in science and technology; and (5) the contribution by Japanese corporations involved in nuclear power.<sup>36</sup> The JFIR recommendations said: "...we call on the Japanese government to cooperate with India on this issue, while at the same time showing initiative in the global campaign for nuclear disarmament."<sup>37</sup>

Japan produces technologically the most advanced reactors. Toshiba alone has over 30 per cent of global civilian nuclear reactor building capability.<sup>38</sup> If Japan

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relaxes its policy and agrees to cooperate with India, the Indian nuclear market itself will unfold growth potentials to the tune of about \$100 billion in a decades' time. This is a huge attraction by itself for Japan to reconsider its position soon. Japan's experience in Kazakhstan could be an appropriate guide.<sup>39</sup> This will have propelling effect on greater economic engagement by Japanese corporations in Indian economic activities, giving tremendous boost to the dormant economic ties between the two countries. In view of India's impeccable track record on the nuclear issue, there is no need for the Japanese to be apprehensive and be assured that its

high-tech imports would not be diverted for weapons or to third countries. The Singh-Hatoyama Joint Statement of December 2009 supported the immediate commencement of negotiations in the Conference on Disarmament and an early conclusion of a FMCT.<sup>40</sup>



## Economic Dimension

There is always an economic dimension in any strategic relationship, without which the complementarities cannot be honed to the fullest. In the context of India and Japan, the economic dimension of the relationship has already begun to take stronger roots. Though the current economic engagement between the two seems to be low-key if measured in terms of overall bilateral trade which totalled a meagre \$10.8 billion in 2007-08, the trends to deepen economic ties are already visible. The indicators of a close economic relationship between the two countries to strengthen the strategic dimension can be examined in terms of Japanese Foreign Direct Investment (FDI), Official Development Assistance (ODA), and bilateral trade.

ODA is an important instrument in Japan's economic diplomacy. According to the OECD 2009 report, Japan is the fifth largest aid donor in the world.<sup>41</sup> In 2007, Japan disbursed a total of \$7.7 billion in which Asia continued to get a prime place of priority. For five successive years since fiscal 2003, India has been the largest recipient country for Japanese ODA loan.<sup>42</sup> Japan provides support to India for improvement of economic and social infrastructure such as electricity and transport for the trade and investment climate, as well as water and sewerage.

A key element of Japanese ODA in Asia is to use the aid amount as an instrument of fostering economic and political security in Asia. Infrastructure and human resource development have been the priority sectors to which Japanese ODA has been addressed. ODA has also been instrumental in facilitating private sector investment and trade through large scale projects lending. Recently, these economic cooperation relationships are being institutionalized. As a consequence, Japan has been signing economic partnership agreements (CEPs) with many Asian countries. South Asia and India have begun to emerge as priority in Japan's ODA radar more recently and there are big programmes underway.<sup>43</sup>

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According to the Ministry of Economy, Trade and Industry (METI), there are four prioritized fields in Japan's global economic strategy and economic foreign policy. These are: (a) domestic and foreign integrated economic measures; (b) promotion of innovation in the "volume zones"; (c) global development of the low carbon revolution; (d) and multi-layer cooperation including industrial cooperation with countries rich in natural resources.<sup>44</sup>

Adding to domestic demand expansion, Japan wants to promote domestic and foreign integrated economic measures aiming to grow with Asia by promoting

expansion of domestic growth of Asia, the “Growth centre in the world”. Three big growth zones in South and Southeast Asia have been identified in which Japan is committing substantial economic cooperation funding to support Asian development.<sup>45</sup> These three projects are: (a) Delhi-Mumbai Industrial Corridor (DMIC); (b) Mekong River Valley Synthesis Development; and (c) BIMIP<sup>46</sup> Wide areas coordinated development. The thrust is towards achieving doubling the size of Asia’s economy. Japan wants to achieve this aim by (a) fostering cooperation in maintenance of the large area of infrastructure and the social security system, etc. to expand domestic demand of Asia; and (b) promoting economic cooperation with Asia such as promoting system sharing by utilizing APEC 2010 in Japan. Many of Japan’s aid programmes are open to international tender through aid recipient agencies.

The DMIC is a huge ambitious development project on either side of the Western Dedicated Freight Corridor (DFC) of the Indian Ministry of Railways with a band of 150-200 kms. It was conceptualized as a global investment and manufacturing destination with emphasis on expanding the manufacturing and services base and establish DMIC as the ‘Global Manufacturing and Trading Hub’. This project is going to catapult the bilateral relations to a level that will be the envy of other nations in Asia. The project aims at doubling the employment potential, tripling industrial output and quadrupling exports from the region, in its first five years.

## Conclusion

**The focus of India-Japan strategic relationship is seen by some as a part of India’s efforts to counter China’s growing influence in the region.**

The focus of India-Japan strategic relationship is seen by some as a part of India’s efforts to counter China’s growing influence in the region. As both India and Japan are dependent on the Arabian Gulf oil, cooperation by both for safety in transport is a major driver for forging bilateral ties. The joint statement appropriately, therefore, stressed their “common interest in the safety of sea lanes of communications”. In this realm of India-Japan cooperation to ensure maritime security, the China factor cannot be discounted altogether. Engaging China in a cooperative multilateral framework could

be the appropriate way to increase stake and thereby make China as a responsible stakeholder to secure regional peace.<sup>47</sup>

Indeed, the DPJ’s priority to promote diplomacy in the Asia-Pacific region was further emphasized by Foreign Minister Katsuya Okada in a speech to the 174<sup>th</sup> session of the Diet on 29 January 2010.<sup>48</sup> Okada reiterated Japan’s commitment to cooperate with India on a wide range of issues including security and economy, building upon the achievements of Hatoyama’s visit to India in December 2009 and

to develop the Strategic Global Partnership between the two countries. Emphasizing that Japan as a maritime and trading nation, ensuring the safety of maritime navigation emerged as an important agenda for Japan.

Notwithstanding the India-Japan evolving strategic partnership, some fundamental questions continue to remain unanswered. If Japan was considered to be a declining power, then why there is a need for India to forge a strategic partnership with Japan. Similar question arises about Indo-US strategic partnership that has emerged. Why should India forge a strategic partnership with the US if the US is really declining? If the argument behind these strategic partnerships is a rising China, then one must ask as to why China would not be a responsible power? Expressing doubts about China's rise as a responsible power reflects the influence of Western thinking.<sup>49</sup> Though China could be a factor behind India-Japan security relationship, the anti-piracy or maritime cooperation cannot be a means of standing up to China. These issues are beyond the scope of this paper and will be dealt elsewhere.

**Emphasizing that Japan as a maritime and trading nation, ensuring the safety of maritime navigation emerged as an important agenda for Japan.**

Such posturing on China by both India and Japan could displease, or even annoy, China. One need not be uncritical of Western wisdom, which even projected India as a maritime threat in the 1970s. If Japan's anti-piracy stance is a factor in its strategic partnership with India vis-à-vis China, that would remain unsustainable. Though there is a minority view in Japan that favours India's nuclear programme, it is unlikely to emerge as a factor in determining the future of India-Japan relationship.

True, Japan is committed to intensify anti-piracy measures, providing support to Somalia, protecting the lives and property of Japanese nationals and safety of maritime transportation. Japan looks at India as an active partner in these endeavours. No wonder, the Joint Statement issued on 29 December 2009 catapulted India-Japan strategic and global partnership to a "New Stage" in which bilateral relationship was envisaged to be deepened on all fronts.<sup>50</sup> The developments in the bilateral relations in all fronts suggest that in the coming decade, India-Japan bilateral ties will play critical role in stabilizing the emergence of the new Asian order, in which India, Japan and China can be responsible stakeholders. *idsa*

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Notes:

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2. Ministry of Foreign Affairs, Government of India (GOI), "Japan-India Summit Meeting (Summary)", 23 August 2000, available at [http://www.mofa.go.jp/region/asia-paci/pmv0008/india\\_s.html](http://www.mofa.go.jp/region/asia-paci/pmv0008/india_s.html) (accessed on 30 July 2006)
3. Available at <http://www.psgworks.com/partnership.html>
4. *Japan-India Relations at a Glance*, Ministry of External Affairs, New Delhi, August 2007, p. 42.
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6. The late Prime Minister Ohira Masayoshi used the words "comprehensive security" for the first time in late 1970s. Prime Minister Manmohan Singh only clarified India's position.
7. Available at [http://www.mofa.go.jp/region/asia-paci/india/pmv0810/joint\\_d.html](http://www.mofa.go.jp/region/asia-paci/india/pmv0810/joint_d.html)
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9. For details see, "A New Path for Japan", *The New York Times*, 26 August 2009.
10. For the DPJ manifesto, see at [www.dpj.or.jp](http://www.dpj.or.jp)
11. Panda, Rajaram, "India and Japan: Strengthening Defence Cooperation", 22 December 2009, available at [http://www.idsa.in/idsacomments/IndiaandJapanStrengtheningDefenceCooperation\\_rpanda\\_221209](http://www.idsa.in/idsacomments/IndiaandJapanStrengtheningDefenceCooperation_rpanda_221209)
12. Available at <http://www.mofa.go.jp/region/asia-paci/india/pmv0912/action.html>
13. The Greater Asia Co-Prosperity Sphere was Japan's World War II time empire building strategy in which Japanese military led Japan into disaster, culminating its defeat.
14. Raman, B., see note. 5.
15. Japanese-related ships means Japanese-owned ships flying the Japanese or foreign flags.
16. For example, information made available to the author by the Defence Attaché, Embassy of Japan, New Delhi, suggests that in August 2009, for example, there were four instances when the P-3C patrol aircraft dispatched for anti-piracy information provided information to other warships and commercial ships in four instances: 14<sup>th</sup>, 16<sup>th</sup>, 19<sup>th</sup>, and 22<sup>nd</sup> August 2009.
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29. Available at <http://mdn.mainichi.jp/mdnnews/business/news/20100628p2g00m0bu042000c.html>
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31. Ibid. Also, see Brown, Peter J, "Japan Weighs Role In India's Nuclear Boom", available at <http://www.atimes.com/atimes/printN.html>
32. Brown, Peter J., op. cit.
33. Available at <http://search.japantimes.co.jp/print/nn20100701f4.html>

34. "Exporting nuclear technology", *The Japan Times*, editorial, 2 July 2010, available at <http://search.japantimes.co.jp/print/ed20100702a1.html>
35. "India's Leap Forward and Japan", *The 29th Policy Recommendations*, The Policy Council, The Japan Forum on International Relations, Tokyo, September 2007, pp. 18-19.
36. *Ibid.*, p. 18.
37. *Ibid.*, p. 19.
38. Indeed, there are two US companies- General Electric and Westinghouse – are taken over by Hitachi and Toshiba respectively. Also, the French company, Areva, has close technical cooperation agreement with Mitsubishi and is dependent for certain advanced materials and machine tools. Japanese companies produce technologically the most advanced civilian nuclear reactors.
39. Kazakhstan's Kazatomprom acquired 10 per cent of Westinghouse Electric Corporation from Toshiba for \$540 million in October 2007. As a result, Westinghouse gained access to Kazakh uranium and potentially more fuel fabrication capacity and in return, Kazatomprom gained access to the world nuclear fuel market. For Japan-Kazakhstan nuclear cooperation, see Togzhan Kassenova, "Kazakhstan's nuclear ambitions", *Bulletin of the Atomic Scientists*, 28 April 2008, available at <http://www.thebulletin.org/print/web-edition/features/kazakhstans-nuclear-ambitions>
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41. Organisation for Economic Cooperation Development, (2009), *Statistical Annex*, 2009 Development Report.
42. Ministry of Foreign Affairs, Government of Japan, available at <http://www.mofa.go.jp/policy/oda/white/2008/parts3-2-3.pdf>
43. *Ibid.*
44. Available at <http://www.meti.go.jp/english/report/downloadfiles/2009WhitePaper/summary.pdf>
45. *Ibid.*
46. BIMF includes Brunei, Indonesia, Malaysia, and the Philippines.
47. The observations of George Fernandes are worth mentioning here. In his first-ever visit to Japan as India's Defence Minister, Fernandes had emphasized on the importance of defence cooperation between the two countries. After Hatoyama assumed office, Fernandes, a Rajya Sabha member now, pleaded with Manmohan Singh government to build meaningful relations with Hatoyama. Writing in *OtherSide*, Fernandes observed: "India can develop a truly meaningful relationship with Prime Minister Hatoyama although I also learned that his Foreign Minister is considerably pro-China. Perhaps we can turn this into an opportunity of a good China-Japan-India relationship which I had discussed with many friends during my many visits to Japan. Eastern civilization and culture have much to offer the world if we forget for a short time the ugly part of geo-politics and power games."
48. Available at <http://www.mofa.go.jp/announce/fm/okada/speech1001.html>
49. These opinions were expressed by Ambassador T. C. A. Rangachari on an earlier draft of this paper.
50. Available at <http://www.mofa.go.jp/region/asia-paci/india/pmv0912/joint.html>

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