India and Japan: Growing Partnership and Opportunities for Co-operation

CPPR- Centre for Strategic Studies
August 2019
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<th>Abbreviation</th>
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<tbody>
<tr>
<td>AAGC</td>
<td>Asia-Africa Growth Corridor</td>
</tr>
<tr>
<td>ACSA</td>
<td>Acquisition and Cross-Servicing Agreement</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>ADIZ</td>
<td>Air Defence Identification Zone</td>
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
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<tr>
<td>AMF</td>
<td>Asian Monetary Fund</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<tr>
<td>ARF</td>
<td>ASEAN Regional Forum</td>
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<tr>
<td>ASEAN</td>
<td>Association of Southeast Nations</td>
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<tr>
<td>ASW</td>
<td>Anti-Submarine Warfare</td>
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<tr>
<td>ATLA</td>
<td>Acquisition, Technology and Logistics Agency</td>
</tr>
<tr>
<td>BCIM</td>
<td>Bangladesh China India Myanmar</td>
</tr>
<tr>
<td>BIMSTEC</td>
<td>Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation</td>
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<tr>
<td>BRI</td>
<td>Belt and Road Initiative</td>
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<tr>
<td>BSA</td>
<td>Bilateral Swap Arrangement</td>
</tr>
<tr>
<td>CBIC</td>
<td>Chennai-Bengaluru Industrial Corridor</td>
</tr>
<tr>
<td>CEPA</td>
<td>Comprehensive Economic Partnership Agreement</td>
</tr>
<tr>
<td>CMI</td>
<td>Chiang Mai Initiative</td>
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<tr>
<td>CPEC</td>
<td>China-Pakistan Economic Corridor</td>
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<tr>
<td>CPTTP</td>
<td>Comprehensive and Progressive Agreement for Trans-Pacific Partnership</td>
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<tr>
<td>CTBT</td>
<td>Comprehensive Nuclear-Test-Ban Treaty</td>
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<tr>
<td>DFC</td>
<td>Dedicated Freight Corridor</td>
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<tr>
<td>DMIC</td>
<td>Delhi-Mumbai Industrial Corridor</td>
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<tr>
<td>DRDO</td>
<td>Defence Research and Development Organisation</td>
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<td>EAEC</td>
<td>East Asian Economic Caucus</td>
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</table>
EAS: East Asia Summit
EEZ: Exclusive Economic Zone
ELINT: Electronic Intelligence
EPQI: Expanded Partnership for Quality Infrastructure
FDI: Foreign Direct Investment
FOIP: Free and Open Indo-Pacific
FONOPS: Freedom of Navigation Operations
FTA: Free Trade Agreement
GDP: Gross Domestic Product
IOR: Indian Ocean Region
IORA: India Ocean Rim Association
IOZP: Indian Ocean as a Zone of Peace
JEC: Japanese Endowed Courses
JETRO: Japan External Trade Organization
JFDI: Japan Foreign Direct Investment
JGSDF: Japan Ground Self-Defense Force
JICA: Japan International Cooperation Agency
JIM: Japan-India Institute for Manufacturing
JIMEX: Japan-India Maritime Exercise
JMSDF: Japan Maritime Self-Defense Force
LMC: Lancang-Mekong Cooperation
LMI: Lower Mekong Initiative
LNG: Liquefied Natural Gas
MCM: Mine-Counter Measures
MDA: Maritime Domain Awareness
MJC: Mekong-Japan Cooperation
NDPG: National Defence Programme Guidelines
NPT: Non-Proliferation Treaty
NSC: National Security Council
NSS: National Security Strategy
OBOR: One Belt One Road
ODA: Official Development Assistance
ODI: Outward Direct Investment
PoK: Pakistan-occupied Kashmir
PQI: Partnership for Quality Infrastructure
QUAD: Quadrilateral Security Dialogue
SAARC: South Asian Association for Regional Cooperation
SAGAR: Security and Growth for All in the Region
SCS: South China Sea
SDF: Self-Defence Force
SIGINT: Signals Intelligence
SLOC: Sea-Lines of Communication
TICAD VI: Sixth Tokyo International Conference on African Development
TPP: Trans-Pacific Partnership
UDAN: Ude Desh Ka Aam Nagrik
ULCCs: Ultra Large Crude Carriers
VLCCs: Very Large Crude Carriers
About CPPR-Centre for Strategic Studies

Centre for Public Policy Research (CPPR), an independent, non-profit think-tank established in 2004, is working towards a socially just, democratic and secular society. Since its inception, CPPR has been in the forefront of collecting and analysing ground data from regional and global perspectives reflecting socio-cultural milieus rich in diversity and pluralism.

In keeping with these traditions, CPPR launched its focus study centre, CPPR- Centre for Strategic Studies in August 2013. CSS is an interdisciplinary academic study centre focusing on strategic positioning and policy making in the South Asian region. Special attention is given to the relationship between politics, geography and natural resources, economics, military power, and the role of intelligence, diplomacy, international cooperation for security and defence. Important fields of research include energy and maritime security, strategy, terrorism, inter-state and inter-country cooperation and extremism. Developing resources and building expertise on matters relating to national security, Centre-State relations and responsibilities, surveillance and security systems are also key areas of focus. The Centre plans to organise national and international seminars, workshops and conferences on the emerging themes within its domain. By organising its first international conference less than four months after its establishment, CSS took its first step towards the larger goal of conducting regional and global strategic reviews and reshaping perceptions on global politics and strategy.
Preface

This e-book is a compilation of the papers presented by the speakers during a two-day International Conference, curated around the theme ‘India and Japan: Growing Partnership and Opportunities for Cooperation’, organised by CPPR – Centre for Strategic Studies, Kochi in collaboration with the Consulate-General of Japan in Chennai on February 26–27, 2019 at Riviera Suites in Kochi. It consists of eight chapters providing a comprehensive outlook on India-Japan relations.

Kochi, located in the fulcrum of the Arabian Sea-Indian Ocean confluence provided the perfect venue of this conference, lending an apt background for maritime-peninsular perspective of India-Japan relations and cooperation.

Over 80 participants and 15 speakers took part in the conference where economic and security implications of Asia-Pacific transformation, India-Japan maritime visions in Asia Pacific, India-Japan Partnership in information age, trade and investment, etc. were key topics of discussion. The theme of the conference opened important vistas on the subject in view of the new imperatives in Indian and Pacific Ocean regions as maritime basis of “Confluence” — cooperation of India and Japan in the coming decades.

International affairs analyst Dr Kanti Prasad Bajpai, Wilmar Professor of Asian Studies, Lee Kuan Yew School of Public Policy, National University of Singapore, delivered the keynote address. He pointed out the converging national interests of India and Japan and analysed the strategic choices in front of them in the context of China’s rise and the US’s erratic behaviour. He highlighted upon the soft balancing against China through India-Japan partnership as the most viable strategy for both countries in the foreseeable future. He also stressed on the need for India and Japan to create and sustain new institutions and forms of Asian strategic cooperation.

Dr Amrita Jash, Associate Fellow, Centre for Land Warfare Studies (CLAWS) New Delhi, in the chapter India, Japan and the AAGC: Geopolitics Driven by Infrastructure Investment, examines how India and Japan are maneuvering their act of soft balancing against China-led BRI through their own AAGC. The chapter moves on to compare and contrast AAGC with China-led BRI. Considering the fact that both have economics as substance and geopolitics as purpose, quality of infrastructure investments as opposed to quantity will be the major bargaining point for AAGC over BRI.

Gazi Hassan, Senior Research Associate, Centre for Public Policy Research, Kochi, in the chapter China Factor in India-Japan Relations, analyses how the assertiveness of China in the Asia-Pacific region is changing the geopolitics and the regional security architecture. The chapter traces the evolution of India-Japan relations through a rough past with a remarkable change occurring post US signing the civil nuclear deal in 2005. It argues that China remains common concern for the region that led to the coming together of India, Japan, US and Australia forming a Quadrilateral alliance to balance its growing influence.

Dr H S Prabhakar, former Professor, Centre for East Asian Studies, JNU, New Delhi, in the chapter India Japan Economic Relations, traces the evolution of Japan from a traditional economy to a fully advanced economy of 21st century driven by technological innovation. The chapter highlights Modi-Abe equation as a harbinger of good times for economy of both the nations. It also talks about the trade and partnership that is yet to attain its full potential. The chapter stresses on the need to envision India-Japan partnership keeping in mind the global priorities rather than the bilateral ones.
Dr Josukutty C A, Assistant Professor and Honorary Director, Survey Research Centre, Department of Political Science, Kerala University, Thiruvananthapuram, in the chapter The Maritime Transformation of Asia-Pacific: Interdependence and Security: Indian and Japanese Visions, talks about the structural changes underway in the Asia-Pacific that has found India and Japan converging in geo-political, strategic and geo-economic domain. The chapter deals with the Japanese advocacy of a Free and Open Indo-Pacific, India's Look/Act East Policy and their allegiance to the US driven Quadrilateral (QUAD) schemes, confluent liberal and realist visions and interests for a rule-based, stable and prosperous maritime domain in the Asia-Pacific. It further talks about the practical possibility of India and Japan convergence in the military domain, which is limited in comparison to the economic and other symbolic aspects.

Dr Madhuchanda Ghosh, Assistant Professor, Department of Political Science, Presidency University, Kolkata, in the chapter India and Japan: New Partners in the Emerging Regionalism in East Asia, talks about India and Japan as new partners in the Emerging Regionalism in East Asia. She argues that for the first time in history, India and Japan have simultaneously become key stakeholders in the East Asian affairs. The leaderships of the two states exhibit a broad consensus that the core interests and concerns of the two states converge. The chapter looks at the implications of India-Japan partnership for the regional project of the East Asian Summit and the regional balance of power. It also elaborates on how it can contribute to the current regionalism though the ASEAN approach.

Dr Prakash Paneerselvam, Assistant Professor, International Strategic & Security Studies Programme, National Institute of Advance Studies (NIAS), Bengaluru, in the chapter Idea of Global Partnership: Role of India-Japan Maritime Cooperation in the Indo-Pacific, traces the trajectory of India-Japan maritime cooperation which began in early 2000s to address non-traditional threats like natural disasters, piracy, smuggling, etc, but is gradually unfolding its strategic wings. The chapter focuses on the India-Japan idea of “global partnership”, an underlying feature on the signing of a joint declaration on Asia-Africa growth Corridor (AAGC), and the development and infrastructure activity in the Asian region, which is a major step forward to achieve the much talked about Indo-Japan dream of ‘Free, Open and Prosperous Indo-Pacific’. It also discusses the business opportunities for both countries in AAGC and the existing maritime security threats and explores the response options in African Coast.

Commodore Somen Banerjee, Senior Fellow, Vivekananda International Foundation, Delhi, in the chapter Maritime Transformation in the Asia Pacific: India–Japan Security Cooperation, talks about the rise of China that has unsettled the contours of international system in the Asia-Pacific and put the rules-based order at risk. The chapter highlights the proposal to align Japan’s Free and Open Indo-Pacific (FOIP) strategy and India’s Act East Policy. It also explores the nature of maritime transformation underway in the Asia-Pacific and its impact on the maritime order. It further examines the course of India-Japan security relation under the watch of the two Prime Ministers between 2015 and 2018.

Dr Rupakjyoti Borah, Visiting Research Fellow, Institute of South Asian Studies, National University of Singapore (NUS), in the chapter Japan-India Cooperation in the Infrastructure Sector in Northeast India: Parsing the Costs and Benefits, analyses the growing cooperation between Japan and India in the infrastructure sector in Northeast India. The chapter focuses on the challenges to Japan’s infrastructure building efforts in the region, especially given the terrain of the region and other factors. It further suggests a road map for Japan’s infrastructure-building efforts in Northeast India.

We hope the book will open up further avenues for the readers and be helpful in future research.
Chairman’s Message

D Dhanuraj

The mission of Centre for Public Policy Research (CPPR) as an organisation is to spread knowledge and awareness among fellow human beings through the promotion of research, training and dialogue among key stakeholders in the society. CPPR-Centre for Strategic Studies (CSS) was set up in 2013 with an objective of conducting dialogues and deliberations on India’s position in the international relations and global order. CSS has come a long way in achieving its objective and functions as an interdisciplinary academic centre focusing on the studies of strategic positioning and policymaking in our region.

Through the Indo-Japan conference held on February 26–27, 2019, CSS aimed to focus more on Asia Pacific with a special attention on Japan. With the evolving dynamics of the Indo-Japan bilateral relationship against the backdrop of a changing but volatile global order, CSS believed that organising a conference on ‘India-Japan relations’ was of much significance and would be apt in today’s geopolitical context.

The two nations share historical, cultural and civilisational ties as well as the principles of democracy, liberty, individual freedom and rule of law. India has developed as the largest democracy and Japan as the most prosperous democracy in the world. The first Prime Minister of India Pt. Jawaharlal Nehru had advocated for greater integration of Japan, China and India — the three leading nations of Asia. But unfortunately, India’s wars with her neighbours in the subsequent decades and peaceful nuclear explosions conducted in 1974 and 1998 influenced the geopolitical dynamics in the region. As a result, India-Japan bilateral relations remained as a low-key affair for more than five decades since India’s independence in 1947.

But things have started changing at the turn of the 21st century. India’s proactive engagements and stated positions in civil nuclear deals and deterrence have helped the leaderships of India and Japan to come closer during the first decade of the 21st century. Since then, India and Japan have signed several agreements starting from 2007 when Japanese Prime Minister Shinzo Abe delivered a landmark speech in the Indian Parliament. In 2008, both the countries made a Joint Declaration on Security Cooperation. In 2011, the US-Japan Security Consultative Committee made India a strong and enduring security partner in the Asia-Pacific region.

Global and Strategic Partnership with the provision of annual Prime Ministerial Summits was signed between the two countries and Prime Minister Narendra Modi attended the 13th India-Japan annual summit held in Japan in October 2018. Subsequent to this, a number of dialogue mechanisms related to fields such as economy, commerce, financial services, health, road transport, shipping and education were also established.
Quadrilateral Initiative, later refurbished as the Democratic Security Diamond in 2012, considers India to play an important role in Japan's strategic design. The 13th India-Japan Annual Summit concluded with increased naval cooperation between the Indian Navy and the JMSDF in the Indo-Pacific region, which again reiterates the growing defence engagement and strategies they have in India-Pacific. Japan is the third largest foreign investor in India and its cumulative FDI investment in India since 2000 is US$ 25.7 billion.

I wish this publication will help scholars, academicians and the general public to understand the intricacies and moods that would discern while strengthening alliances and partnerships, and investing in new capabilities that would ensure moving towards a Free, Open and Prosperous Indo-Pacific and a strong India-Japan relationship.
India and Japan: Strategic Partners for the 21st Century

Kanti Bajpai

This is the transcript of the keynote address by Professor Kanti Bajpai at the International Conference on “India and Japan Growing Partnership and Opportunities for Co-operation” organised by Centre for Public Policy Research (CPPR), Kochi on February 26, 2019.

We meet here to discuss the possibility of India and Japan as partners in the shadow of three global changes. The first is the astonishing rise of China which may be the most salient development for India and Japan. The second is the reaction against globalisation in the West and particularly the United States. It has produced Donald Trump as President and a new approach in US foreign policy. That approach has been marked over the past year by an economic conflict between America and China and a go-it-alone strategy. The third development is related, and it is Trump’s impatience with the US’s traditional allies in Europe and Asia, including in some measure, Japan. India, which was trying to forge a closer relationship with the US has also felt the sting of Trump’s foreign policy. It is in this strategic environment that we gather to assess India-Japan cooperation.

I will not chart China’s rise or US foreign policy under Trump. There is enough written on those subjects to fill several rooms. I want instead to focus on India-Japan relations, which is the theme of this conference. Clearly, the coming together of these two countries is driven by several factors including the economic interests of both. But beyond the economic drivers are the strategic drivers of their cooperation: here, China’s rise and the US’s erratic behaviour and possible retrenchment from Asian alliances are key. I will not attempt to show that these are the drivers of India-Japan strategic convergence; I simply assert them, as they seem too obvious to need justifying.

I will instead attempt an analysis of the strategic choices for India and Japan in the context of China’s rise and the US’s erratic behaviour. I will begin by sketching in some highlights of India-Japan relations since the early 20th century, to make the point that they have never been dedicated enemies or close friends. I will then go on to assess the strategic choices before India and Japan in dealing with a rising China at a time when the US, the reigning superpower, seems erratic and unreliable. Essentially, the choices for India and Japan are to bandwagon, hide, hedge or balance. My analysis of these options suggests that bandwagoning, hiding, and hedging are not politically and strategically viable. Among India and Japan’s balancing options — internal, external, and soft balancing — soft balancing is the most viable for the foreseeable future. Complicating China’s strategic calculations, which is the essence of soft balancing, is a sensible course; outright confrontation is not. This is strategic commonsense, but sometimes the case for commonsense needs to be explicitly made.

A Little Recent History

It is fair to say that India and Japan have not been terribly close historically. Indeed, India and China, over thousands of years, have been closer — geographically, spiritually, economically. The two were even allies, during the Second World War, against Japan. Rabindranath Tagore’s interest in the Land of the Rising Sun and his trip there in 1916 remind us there was promise of great cultural traffic. But Tagore was dismayed
when he went to Japan, remarking on the rising militarism: in his famous three essays on nationalism he worried about both Western and Japanese nationalism. During the Second World War, Indian and Japanese troops fought each other. On the other hand, after the war, India expressed its discomfort with the war-trials of Japanese officials and officers. Radha Binod Pal, the Indian judge on the war-crimes tribunal, wrote the dissenting note, arguing against war-crimes punishments.

By 1960, Japan, which had hoped that India might be a force for stability and development in Asia, had decided that New Delhi was neither geopolitically nor economically aligned with Japanese interests. In turn, Nehruvian India had concluded that Japan was not an independent power. It is fair to say that India and Japan remained stayed apart more or less for the remainder of the Cold War.

After the US rapprochement with China in 1972, Tokyo engineered its own rapprochement with Beijing in that year. Geopolitically and economically, the two East Asian powers had parallel interests. Geopolitically they lined up against the Soviet Union, India’s quasi ally; and economically they dramatically opened up to an economic partnership featuring aid, investment and trade, with Japan in the lead. This was at a time when India’s economy was stubbornly closed. In sum, from 1972 onwards, China and Japan came to be on the opposite side of the Cold War from India which tilted towards the Soviet Union.

A conclusion we can draw from the above is that India and Japan do not have a deep history of cooperation and closeness in the modern period. As a quick aside: they do have one modern instance of strategic partnership, if it can be called that — and that is Subhash Chandra Bose working with the Japanese to fight British colonial rule in India. That strategic story is being recalled in India now, especially under the Modi government; but it is not a chapter that Japan would want to highlight. It is not therefore a memory on which to build a strategic partnership.

India and Japan did come together in one very important sense after the Second World War. In 1958, Japanese aid began to flow to India. Despite the fact that Tokyo did not see trade and commercial opportunities in India’s closed economy, it did become one of its biggest aid providers. By the late 1980s, Japan was India’s largest aid donor, a position it has retained to the present. Since the 1980s, India and Japan have come some way, particularly economically. Trade between the two has grown steadily and stands at about US$ 16 billion, and Japan is the third largest investor in India. Diplomatically and strategically too, the two sides know each other better than ever before, which I will return to later.

This is a rather sketchy review of India-Japan relations from the early 20th century to the present. But it gives us a sense that while India and Japan have never been enemies, they have not been close friends or partners either. This does not mean that they cannot be close in the future; it just means that they do not know each other well, either out of hostility or friendship.

**India and Japan’s Strategic Options**

The most important reason for India and Japan to come together is the rise of China. While they resist saying so publicly, this is the elephant in the room. The question is: what are the options in dealing with a China that will probably be the biggest power on earth by 2030? Eventually, China may account for 40 per cent of global GDP, making it bigger than the next set of powers combined — an international behemoth as the US was after the Second World War. This is a scary future for India and Japan, both of which are neighbours of China. Both powers have unresolved territorial quarrels and a history of conflict and rivalry in the modern period with China. What are India and Japan’s options with this powerful and potentially dangerous power?
Theoretically, they have four broad options: **bandwagoning; hiding; hedging and balancing.**

### Bandwagoning

The first option is for both countries to bandwagon with China — to go along with Beijing as junior partners and to receive protection in return. This would entail accepting Chinese leadership on global and regional issues. Most importantly, it would mean accepting its assertions on territorial conflicts: the border and the state of Arunachal Pradesh in India’s case; and the Senkaku/Diaoyu Islands in Japan’s case. Globally, India and Japan would be expected to curtail their relations with the US — in Japan’s case this would mean leaving the alliance. Regionally, they would have to accept that East Asia and South Asia are Chinese spheres of influence. In return for going along with Beijing, New Delhi and Tokyo would get protection, principally from China itself. They would also get to be a part of a huge Sinic economic zone.

Clearly, bandwagoning is a theoretic possibility and no more. India has never been part of the Sinic regional order and never been a tributary. Some parts of India sent tributary missions to China historically, but no pan-Indian empire as far as we know ever conceded superiority to it. Chinese cultural influences also were limited, though not altogether absent (as we can see in Kochi’s famous fishing nets). The Indian view generally is that India gave more than it received, primarily in the form of Buddhism. Japan was geopolitically and culturally part of a Sinic order, though by the 7th century it had started to move away from China. In the 16th century, it even tried to take over the Middle Kingdom’s hegemonic role when it mounted an invasion of Korea as a prelude to invading China. Unlike Korea and Vietnam, it was never conquered by China. From the late 19th century and into the Second World War, it harboured ambitions of colonising China. Today, neither Indian nor Japanese public opinion would tolerate bowing before China. Both peoples have too strong a sense of their own importance, politically and culturally, and harbour strong feelings of nationalism. Bandwagoning with China is not impossible, but it seems a very unlikely future.

### Hiding or Hedging

There are at least two other conciliatory stances that India and Japan could take with China: **hiding** and **hedging**.

**Hiding:** The historian of Europe’s international history, Paul Schroeder, has suggested that contrary to the view that Europe operated a “balance of power system” in which smaller powers either balanced or bandwagoned, in fact they made other choices as well. These included what he calls ‘hiding’. Hiding refers to staying out of the gunsights of bigger powers. It amounts to a form of neutralism in which staying out of the gunsights of the more powerful includes not taking sides between them. Hiding is a conciliatory stance that falls short of bandwagoning, but for India and Japan it would mean conceding to China. In relation to China’s quarrels with the US and other Western powers, New Delhi and Tokyo would take a Swiss-like position of abstention. For Japan more than India it would be capitulation, as hiding/neutralism would require Tokyo to end its alliance with the US and its opposition to China.

**Hedging:** Hedging is another relatively conciliatory option. What is hedging?

...[T]he basic assumption is that...a state spreads its risk by pursuing two opposite policies towards another state....[S]tates carry out two contradictory policy directions simultaneously: balancing and engagement. A state prepares for the worst by balancing – maintaining a strong military, building and
strengthening alliances – while also preparing for the best and engaging – building trade networks, increasing diplomatic links, and creating binding multilateral frameworks.¹

In Southeast Asia, it is often said that the regional states are hedging with China. They feel free to have strong economic relations and multilateral links with China (e.g., ASEAN, East Asia Summit); but they also recognise the security risks from the north and turn to the US for strategic reassurance. India and Japan are in exactly the same position. China is their biggest trading partner or one of their top partners. Both, in addition, are members of regional organisations such as ASEAN where they engage with Beijing in the company of others. At the same time, they feel vulnerable in the security domain. India hedges primarily by its own internal balancing – its military power, including nuclear weapons — and Japan by its alliance with the US.

**How Effective are Hiding and Hedging?**

Can powers as big as India and Japan truly hide? It is one thing for small European states during the classical balance of Power era to have hidden themselves from France, Prussia/Germany, Austria-Hungary and Britain; it is quite another for India and Japan to do so. It is particularly hard to imagine when China and the Western powers could press India and Japan to choose sides. Furthermore, given that India and Japan have enduring territorial quarrels with China, is hiding from Beijing really a possibility? As China continues its more or less unstoppable rise, it will insist on settling these quarrels on its terms. At that point, where will India and Japan hide? Either they capitulate, or they stand firm — alone or with others.

Similarly, while hedging is attractive, it is vulnerable. Fundamentally, a deepening engagement with China, especially economic, means that both could be drawn into its economic sphere. They would then be prone to manipulation and coercion by a mercantilist-minded Chinese leadership. Southeast Asia may have in varying degrees already reached the point where hedging is becoming problematic. Cambodia and Laos have largely thrown in their lot with China. The Philippines is unpredictable under President Rodrigo Duterte but seems to have moved a considerable distance into a Chinese sphere. Myanmar and Thailand could well turn. The gravitational pull of the Chinese economy should not be underestimated, particularly if the US and Western powers continue their slide towards protectionism and falter economically. Even the US under Trump is rethinking its own hedging strategy of economic engagement and strategic balancing: the desire to ‘decouple’ from China economically, specifically on technology, is an expression of America’s realisation that hedging is not indefinitely sustainable. Modi’s hardening of India’s China policy from 2014 to 2017 was driven by the fact that hedging, going back to 1988 when India normalised relations with China, had not softened Beijing on the crucial issue of the border quarrel or its strategic penetration of South Asia.

**Balancing — Internal, External and Soft**

If bandwagoning is politically not feasible, and if hiding and hedging do not seem plausible strategically, what is left? Broadly, India and Japan could resort to some form of balancing against China.

International Relations scholarship identifies three major types of balancing — internal, external and soft. **Internal balancing** is military balancing of an adversary by means of one’s own armed force. In the nuclear era, the primary instrument of internal balancing is nuclear weapons, at least against a nuclear armed rival or a formidable conventional military power. **External balancing** is teaming up militarily with other powers to deter and defend against a bigger rival — essentially, external balancing means an alliance. **Soft balancing** is what states do when they cannot hard balance either through internal or external balancing. It consists

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of a combination of non-military activities designed to complicate a militarily-superior adversary’s decision making and to prevent or rollback unilateral actions. It could involve public shaming, procedural delaying and stalling in international institutions, turning to international legal remedies and instruments, demarches and so on.²

**Internal balancing:** What are the prospects of India and Japan being able to balance against China through their own military efforts?

In 2018, China had 2 million active military personnel. Estimates of its nuclear forces vary, but it has roughly 280 strategic weapons, mostly land-based and sea-based. Its navy has over 59 submarines (55 are tactical), and 87 principal surface combatants including 2 aircraft carriers, 27 destroyers and 59 frigates. Its air force has over 2400 combat aircraft.

**What about India and Japan's Military Power?**

India has 1.44 million active military personnel. Estimates of its nuclear forces vary considerably: it may have produced enough fissile material for 130–140 weapons, but it is unclear how many actual warheads it has. Its navy has 15 tactical submarines and one SSBN, 28 principal surface combatants, including 1 aircraft carrier, 14 destroyers and 13 frigates. Its air force has roughly 814 combat aircraft.

Japan has 250,000 active military personnel. It has no nuclear forces, though it is no secret that it could go nuclear very quickly. Its navy has 20 tactical submarines and 49 principal surface combatants including 2 aircraft carriers (Izumo class), 33 destroyers and 10 frigates. Its air force has 547 combat aircraft.

**A Comparison of Military Budgets: China US$ 168 billion, India US$ 58 billion and Japan US$ 47 billion.**

In sum, on a crude comparison, one can say that China has 1.5:1 in military personnel to 3:1 superiority over India in virtually every class including the defence budget, and 4:1 or 5:1 over Japan in every class. In addition, in terms of overall national capabilities, India’s nominal GDP is about one-fifth of China’s, so there is little prospect of it catching up with China any time soon. Indeed, the gap is likely to grow. China’s nominal GDP is US$ 14 trillion, India’s is US$ 2.8 trillion and Japan’s is US$ 5.1 trillion (the US is at $20 trillion). This suggests that for India and Japan to close the gap militarily will be an enormous challenge. Given their domestic needs, it is simply not viable to increase defence allocations dramatically.

This is admittedly a crude comparison of internal balance. All three countries have other security challenges. China has more land neighbours than any other country in the world. It has four nuclear neighbours and amongst the biggest conventional military neighbours. India has two nuclear neighbours and two conventional military neighbours of strength. Japan is an island, but it must worry about three nuclear neighbours and three formidable conventional military neighbours in China, Russia and North Korea. What this means is that China has to deploy its forces in many directions, and the figures we have cited exaggerate its superiority. Nevertheless, China is militarily a giant that will be difficult to hold if it should decide to attack either country. Of course, terrain, weather, fighting spirit, tactics and strategy all count, but China’s superiority is plain to see.

India has nuclear weapons which are the ultimate deterrent. If a conventional war turns against it in the

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high Himalayas, it could threaten nuclear retaliation. Here, we simply note that exactly the argument that India uses against Pakistan — namely, that India has escalation domination over Pakistan — is true for China over India. China has escalation domination over India in every category of violence. Any Indian nuclear retaliation could be more than trumped by China’s response.

**External balancing:** If internal balancing is limited, it would seem India and Japan must opt for external balancing or alliance. Our figures show that India-plus-Japan is still overwhelmed by China, except in respect of major naval combatants. Here, India-plus-Japan comes out roughly even with China. A case could be made therefore for naval cooperation between India and Japan — which is indeed already happening.

India and Japan in alliance, in the end, is not a sufficient balance. It is only when the US joins the alliance calculus that balancing occurs. This is obvious, and we need no statistics to substantiate the case. Let us note the following here. The US and Japan are already in alliance. The US and India are not, though military cooperation is increasing. The key point is that Japan already has an alliance partner that can help with its security; India adds little. India does not have a formal partner, but it does have a growing relationship with the US — in which case, it does not need Japan.

This is of course the case on a static analysis. On a dynamic analysis, India, with its growing economy and population could be a balance against China. Indeed, going by its population size and demographic structure (a huge number of young people), it could pose a serious challenge to China’s projected dominance. By 2050, India’s population is projected to be 1.68 billion whereas China will have 1.34 billion. In 30 years from now, there will be a population gap of 340 million in India’s favour. Leaving aside the sustainability of India’s rates of economic growth, the quality of its population and the resources available to its people (health, education, skills; per capita income, energy and food), this would be an enormous gap in population. India would be young with the No. 1 population; China would be ageing and firmly No. 2.

In other words, there is a case to be made for a ‘latent’ external balancing partnership between India and Japan. This is particularly the case if the US continues to retrench and eventually removes itself from Asia altogether. An India-Japan strategic partnership, say 30 years from now, would be a balance against China.

What would this partnership amount to? It might eventually be an outright entente or alliance. But the key challenge is building Indian capacities so that it can with its 1.6 billion people be a prosperous and stable power rivalling China. Building its capacity is of course India’s own responsibility; but Japan has a potential role. Tokyo played a key role in helping build China’s capacities from the mid-1970 onwards. Not only Japan’s economic interest but also its strategic interest in containing the Soviet Union drove Japanese ODA and investments to China. In partnership with America, Japan helped the rise of China. After 2001, George W Bush committed the US to a similar role in building Indian power. As the US goes into retrenchment, Japan could step up to fill the US role. It will take great patience and a long-term vision to engage India, as New Delhi is notoriously difficult. But if China is the big threat, there may be little choice for Tokyo.

In the meantime, India and Japan can deepen their military understanding of each other. They have already signed the Implementing Arrangement for Deeper Cooperation between the Indian Navy and the JMSDF. Negotiations also began in October 2018 on the ACSA that would allow the Indian Navy to access the Japanese base in Djibouti. In return, the Japanese military would be permitted to use India’s military installations on the Andaman and Nicobar Islands. Japan joined the annual Malabar exercises in 2015 as a permanent invitee alongside India and the US. India and Japan have held three JIMEX bilateral naval exercises, the last one in October 2018 after a five-year gap. They also conducted the first Counter Terrorism Exercise between
the JGSDF and the Indian Army in November 2018. In addition, the two sides have instituted a Defence Policy Dialogue, the National Security Advisors’ Dialogue, a Staff-level dialogue between each service and a bilateral dialogue between Coast Guards. In October 2018, the “2+2” Ministerial Dialogue was announced which would involve a meeting of the foreign and defence ministers on a regular basis. Looking ahead, deeper intelligence sharing, especially on China, would be a crucial investment.

**Soft balancing:** If internal balancing is not immediately viable and if external balancing is only viable with the US or in the distant future, can India and Japan soft balance against China? Soft balancing, as noted earlier, is non-military strategies designed to complicate and “trip up” a rival that has military superiority. Soft balancing strategies include public shaming, procedural delaying and stalling in international institutions, turning to international legal remedies and instruments and demarches, among others. But it could also involve creating new institutions and practices as also investing in capacity-building among weaker third parties to check the influence and reach of an adversary.

India and Japan have already tried shaming tactics against China. New Delhi and Tokyo have insisted on freedom of the high seas as a rebuke to China. On China’s BRI, they have both implicitly criticised Beijing: India has refused to join the BRI arguing that the projects are in China’s “national interest” and not a cosmopolitan project for the good of others. Japan has suggested that its own connectivity stands for quality infrastructure as against China’s presumably shoddy infrastructure. New Delhi has drawn attention to the debt burden of BRI. As various projects in South and Southeast Asia have led to repayment problems, Indian and Japanese scepticism has found an audience in both regions and has caused China to rethink its approach.

India and Japan are members of an array of regional and multilateral institutions where they can act as a check against Chinese power. They are both members of the ASEAN-related set of institutions — ARF, ADMM+ and the EAS. They are also members of the ADB, where Japan heads the organisation. Japan is an observer at SAARC (as are China, the US and several other powers), and Tokyo has supported the organisation economically. In addition, India and Japan are members of the G20 and both want permanent membership of the UN Security Council. As aspirants they have worked together for Security Council reform. These are all arenas where they have used and can use procedures and debates to stall China — to bring attention to Chinese actions that hurt others.

India and Japan can also soft balance by creating and sustaining new institutions, particularly in Asia. We usually think that the Western countries are led by the US and now China are the makers of institutions and the creators of norms in the international system. But in fact, during the Cold War, India and Japan were energetic agents of change and shapers of regional and world order. India played a role in championing Afro-Asian solidarity, non-alignment, the New International Economic Order, the IOZP, a variety of disarmament efforts (including the CTBT and NPT), the UN’s human rights charter, UN peacekeeping and climate change accords, among others. Regionally, New Delhi was a leading part of the 1950s Colombo Plan (indeed the idea grew out of a proposal by the Indian historian and diplomat, K M Panikkar). More recently, India has shaped the BIMSTEC as also the IORA.

Contrary to the view that Tokyo is diplomatically passive or self-centred and a mere camp follower of Washington, Japan too has contributed to international society. The ADB is probably its greatest contribution. We forget that the original proponent, funder and builder of connectivity in Southeast Asia was Japan, through the ADB as well as bilaterally. APEC can be traced back to a Japanese proposal from 1966 to set up a Pacific Free Trade agreement. Internationally, Japan was a key proponent of human security in the wake of the Cold War. In 1997, to deal with the region’s economic crisis, it proposed the creation of an AMF, only to
have Washington veto the initiative. Later, it was the force behind the CMI and played a key role in ASEAN + 3. Most recently, it has advanced two key initiatives. The first is the CPTPP, which is the Tokyo-led successor to the TPP. The second is the Japan-Mekong Initiative, which is building cooperation with the Mekong river countries even as the US interest in the LMI has waned.

India and Japan are attempting to create new forms of Asian strategic cooperation. They are already involved in the India-Japan-US, India-Japan-Australia and India-Japan-South Korea trilateral dialogues. New Delhi is keen on an India-Japan-Vietnam trilateral as well. Of these, the most active trilateral are the ones with the US and Australia. More important has been the idea of the FOIP which built on Prime Minister Shinzo Abe and Foreign Minister Taro Asō’s ideas about the strategic link between the Indian and Pacific oceans. Related to FOIP is the ‘Quad’ of Australia, India, Japan and the US, the largely naval discussions between FOIP members. In the realm of connectivity, India and Japan have their own projects in Southeast Asia but are also trying to cooperate in the AAGC that would link Southeast Asia, South Asia and Africa. At the heart of all these endeavours is undoubtedly a common concern: to build resilience and ties between India and Japan as well as third powers. The objective is not so much to directly contain China as it is to strengthen the bargaining hand of both New Delhi and Tokyo in relation to Beijing and to complicate Beijing’s strategic calculations.

It is worth noting here that India and Japan have bilateral defence ties with Southeast Asian countries. India has defence cooperation with virtually every Southeast Asian country. This includes training, arms sales, repair and maintenance of equipment, joint exercises, port calls and even the use of Indian military facilities. Japan is exploring the sale of military equipment to the region, participates in multilateral and regional naval exercises in the South China Sea, and is building maritime capacity in the region. Japan’s 2016 Vientiane Initiative of defence cooperation with ASEAN is significant. In themselves, the Indian and Japanese efforts are not terribly consequential and material, but they are politically and psychologically significant for Beijing and for the regional states.

**Conclusion**

India and Japan have not been terribly close historically. But they have also not been enemies. Their relationship has gone through phases since 1945. For the second half of the Cold War, they were on opposites sides. With the rise of China, they face a regional threat as never before. Their strategic choices in dealing with that threat are to **bandwagon, hide, hedge or balance**. In the long term, after mid-century, India could be in a position to stand with China and the US as one of the three greatest powers. Everything will depend on India getting its domestic governance right. Japan could help build Indian economic and technological capacities as it helped China after 1972. India and Japan could come together militarily and diplomatically, but right now there is a limited agenda in front of them. A more active agenda is in the realm of soft balancing. Here, they have already done quite a bit unilaterally, bilaterally and multilaterally.

Finally, whatever India and Japan do, there is little that they can do to prevent the Eurasian heartland from being dominated by China in league with Russia. India is cut off from the great landmass of Eurasia by Pakistan, Afghanistan and the Himalayas. Japan stands off shore. What they can do is to build a coalition in Southeast Asia as well as Australia, New Zealand and the Pacific Islands states to counter Chinese power and influence in maritime Asia. Even this will require a concerted and creative effort. The past decade has shown that India and Japan have the incentive to come together. Slow and steady progress is the key. In a race, the tortoise can beat the hare.
India, Japan and the AAGC: Geopolitics Driven by Infrastructure Investment

Amrita Jash

Introduction

According to Newton’s Third Law “Every action has an equal and opposite reaction”. In applying this logic to International relations, though the effect cannot be assessed in degree but some links can be drawn to the way a state behaves to the other in terms of balancing, hedging or bandwagoning. Such geometrics of power politics can be tested by equating India-Japan’s AAGC to that of China’s BRI, wherein a strong counterbalancing is at play. Rather than applying hard power politics, another significant facet is witnessed in the growing competition in the infrastructure domain.

In view of this, one of the key aspects of AAGC is witnessed in India-Japan’s joint collaboration in infrastructure investment. This is driven by the objective of development and cooperation between the two countries in building quality infrastructure and institutional connectivity. In this regard, the paper seeks to examine the convergence of strategic interests between New Delhi and Tokyo from an infrastructure investment perspective. More specifically, the point of reference is the joint initiative under the AAGC framework.

India-Japan: New Means of Convergence against China

In 2015, India and Japan elevated their bilateral engagement to that of “Special Strategic and Global Partnership” – a key relationship with the largest potential for growth, into a deep, broad-based and action-oriented partnership. The Joint Statement on India and Japan Vision 2025 pointedly mentions New Delhi and Tokyo’s “unwavering commitment to realise a peaceful, open, equitable, stable and rule-based order in the Indo-Pacific region and beyond. India and Japan uphold the principles of sovereignty and territorial integrity; peaceful settlement of disputes; democracy, human rights and the rule of law; open global trade regime; and freedom of navigation and overflight.”

What explains this convergence in strategic goals between New Delhi and Tokyo? Undoubtedly, the key causal factor is the looming concern over China’s rise, more specifically, China’s growing ambitions. Both New Delhi and Tokyo face the China challenge in terms of disputes over territorial sovereignty and maritime issues (unresolved India-China boundary dispute and Diaoyu/Senkaku islands dispute in East China Sea), China’s gradual inching into the Indian Ocean (establishment of overseas military base in Djibouti), China’s increasing muscle flexing in the South China Sea (land reclamation activities) and others. With such forces at play, India and Japan are resolute to fight the China challenge, thus diversifying the scope of their long-held econometric ties to that of a strategic partnership.

However, what significantly unnerves India and Japan is China’s grand plan of BRI that aims to connect Asia

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2 Ibid.
to Europe and Africa via the “Silk Road Economic Belt” and the “21st Century Maritime Silk Road”. It is often touted as China’s “Marshall Plan” wherein China wants to use such initiatives to seek influence and even dominance in Asia, thus raising strong security concerns. What makes it so is that the infrastructure developments along the “Belt and Road” involve military and security dimensions. To cite an example, China’s recently launched first overseas naval military base in Djibouti reflects the military dimension of BRI. This base will facilitate China’s capabilities to respond to contingencies affecting freedom of navigation in and around the Persian Gulf, which is mainly controlled by the United States. Furthermore, China can expand its sea denial capabilities comprising deployment of submarines in Indian Ocean and strategic anti-access/area denial (A2/AD) capabilities and thus strengthen its foothold in the Indian Ocean through BRI. In view of this, the lack of transparency of China’s intentions resulted in strong speculations raised by countries such as India, Japan and the United States. Most importantly, India has given a strong resistance to China’s BRI plans and refrains from joining the initiative.

What makes India anxious is that it sees BRI as an ongoing attempt of encirclement in sync with the “String of Pearls”. India’s core concern is linked with the CPEC that aims to connect Kashgar in China’s restive province of Xinjiang with the Gwadar port in the volatile Baluchistan province of Pakistan. It will pass through PoK and Gilgit-Baltistan—both Indian territories occupied by Pakistan. The infrastructure projects in and around India’s neighbourhood amplifies India’s anxiety about China’s intentions. The other causal factor is the BCIM corridor, which would have a pass through India’s security-sensitive and strategically vulnerable North East — where China still fans insurgencies and lays territorial claim to large parts of Arunachal Pradesh. Furthermore, the 2017 Doklam standoff has exacerbated India’s security concerns over BRI.

While Japan’s response was witnessed in the form of countering the BRI as China emerged ahead of Japan in staking claim to developing infrastructure in Asia. In doing so, in 2015, Japan launched its PQI initiative under a US$ 110 billion fund, which was raised to US$ 200 billion in 2016 under EPQI to build infrastructure in Asia. To add, Japan-driven Asian Development Bank has also increased its lending to 17 per cent in 2016 to that of US$ 31.5 billion from US$ 26.9 billion in 2015 — marking an all-time high to counter China-led AIIB. The competition is witnessed in terms of the projects undertaken. Japan launched the New Tokyo Strategy 2015 for MJC 2015 as a counter to BRI’s LMC Framework; Japan is battling against China for rail projects in Asia. For example, a high-speed railway bid that brought China and Japan face-to-face was the Mumbai-Ahmedabad high-speed rail link in India, wherein Japan clinched a US$ 15 billion deal against China. In Sri Lanka, Japan is pursuing a plan to build a port and industrial zone at Trincomalee, in response to China’s US$ 1.4 billion project in Hambantota. This makes it clear that India and Japan share a common view on China-led BRI.

What instigates the security concerns against China’s ‘win-win’ logic is the fact that the infrastructure developments under BRI involve military and security dimensions, thus pointing at strong security implications. This holds special relevance for India and Japan, given both countries witness unresolved territorial disputes respectively with China.

Asia-Africa Growth Corridor: A Counterbalance to China’s BRI

Given this convergence of interest to counter China’s ambitions, the most significant knee-jerk response by New Delhi and Tokyo against Beijing came in the form of the “Asia-Africa Growth Corridor” — labelled as the ‘other’ New Silk Road.3 This “joint corridor” idea was flagged in May 2017 by Indian Prime Minister

3 Shepard, Wade. 2017. India and Japan join forces to counter China and build their own new Silk Road. Forbes, July
Narendra Modi in the event of the annual general meeting of the AfDB, which led to the release of a *Vision Document* titled “Asia Africa Growth Corridor: Partnership for Sustainable and Innovative Development”.

To note, the AAGC vision coincided with China’s grand event of “Belt and Road Forum”, which India skipped. However, the idea of AAGC was first conceived in the India-Japan Joint Declaration as issued by Prime Minister Narendra Modi and Japanese Prime Minister Shinzo Abe in November 2016 — which emphasised on “Free and Open Indo-Pacific Strategy”. More specifically, India and Japan share the common principles, as noted by Japanese Ambassador to India Kenji Hiramatsu that infrastructure projects should be implemented “in an open, transparent and non-exclusive manner based on international standards and responsible debt-financing practices, while ensuring respect for sovereignty and territorial integrity, the rule of law and environment.” The 2017 statement takes this a step further, describing a shared commitment “to explore the development of industrial corridors and industrial network [sic] for the growth of Asia and Africa.”

Given this common vision, under AAGC, India and Japan aim to build a sea corridor via the Indian Ocean that will integrate the economies of South, Southeast and East Asia with Oceania and Africa. Here, the key objective is to create “free and open Indo-Pacific region” by rediscovering ancient sea-routes and creating new sea corridors that will link the African continent with India and countries in South Asia and South-East Asia. Furthermore, this puts into action India’s Act East Policy and Japan’s EPQI under AAGC. As the Document notes, AAGC would consist of four main components: development and cooperation projects, quality infrastructure and institutional connectivity, capacity and skill enhancement and people-to-people partnerships. Here, common links can be drawn to that of China’s BRI which has similar goals of interconnectedness in Eurasia, thus reaffirming India and Japan’s counterbalance strategy. However, under AAGC India and Japan aim at developing quality infrastructure in the Indo-Pacific region.

While in practical terms, AAGC is an opportunity for New Delhi and Tokyo. That is, Japan being a resource-poor nation could benefit from Africa’s vast natural resources; whereas, India is rich in mineral reserves, but fossil fuels are insufficient which it can draw from Africa to meet the needs of its growing economic and population size. Besides, AAGC project also provides an alternative development mechanism for Africa, against China’s BRI that is facing challenges of rising debt in various countries.

In providing an alternative to China’s BRI, New Delhi and Tokyo have already put the plan into action by means of funding. That is, Japan pledged US$ 30 billion in public and private funds to Africa over three years.  

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years to support the development of infrastructure, education and healthcare.\(^9\) While India pledged to extend US$10 billion in low-interest loans to Africa over five years.\(^{10}\) In addition, Modi and Abe discussed moving ahead with specific initiatives, such as a cancer hospital and a small business development seminar in Kenya.\(^{11}\) However, given the coincidence with BRI, the challenge for India and Japan lies in making AAGC a lucrative alternative to BRI — mostly how to not make it a “debt trap” like that of BRI.

**Conclusion**

Thus, it can be well stated that India and Japan’s joint collaboration as ‘AAGC’ is a strong counterbalance strategy to keep China’s growing ambitions in check. Still at the visionary stage, the crucial watch remains how the strategy will take shape in terms of implementation. However, what makes it significant is that if acted well, AAGC is one of the key frameworks of actualising the Indo-Pacific strategy. That is, with its Asia-centric approach led by India and Japan, AAGC provides an alternative to the long-standing Euro-centric approaches.

Although, the vision for AAGC still lacks detail, however, if mapped well provides an opportunity to raise both countries’ profile in a strategic continent, that is, Africa. Furthermore, unlike other big powers, India and Japan can make it significant by acting as responsible players in the region. In view of this, the prudence for India and Japan lies in making the initiative more proactive rather than limiting it into becoming a reactive response to BRI. The way it is unfolding, it can thereby be argued that AAGC is India and Japan’s “somewhat equal” but surely an “opposite reaction” to China’s BRI ‘action’.

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9 Ibid.
10 Ibid.
11 Ibid.
China factor in India-Japan Relations

Gazi Hassan

Introduction

International relations are characterised by the attempts made by nations, either by cooperation or conflict, to pursue their national interests. In a condition of complex interdependence, nations cannot aspire of becoming self-reliant or isolated for long. Their national interests can only be fulfilled by building alliances. The behaviour of every nation at the global level is determined by its foreign policy which reflects the aims and ambitions of nations to conduct business at international level. The alliances so made can help mitigate the crisis arising out of growing insecurities and check the rise of a regional hegemon. It is in this context where India-Japan relations stand now.

India and Japan have shared long historical, cultural and civilisational ties which the two present-day modern nation-states have carried forward with cooperation in other areas as well. Both countries share the principles of democracy, liberty, individual freedom and rule of law. India has developed as the largest democracy, and Japan as the most prosperous democracy in the world. The relation between the two has not been a smooth ride though.

Nehru’s pitch for greater integration of three leading nations of Asia — India, China and Japan — was to establish friendly relations between these three nations. However, during India’s 1962 war with China, Japan chose not to take sides with an attitude of indifference. Again in 1965 and 1971, during wars with Pakistan, Japan did nothing to mitigate the crisis. The 1971 Treaty of Peace and Friendship with the Soviets was also criticised by the Japanese. India’s peaceful nuclear explosion in 1974 was even bitterly criticised by top Japanese leadership as well as the press. In the 1980s, the relation between India and Japan saw an upward trajectory. There was considerable increase in trade although balance remained in Japanese favour. Japan’s share was around 10 per cent of India’s external trade whereas India’s was below 1 per cent. There were exchange visits by the heads of the two states and closer economic ties were developed. In simple terms, the two countries remained free from any conflict. However, the major difference remained on the issue of India not signing the NPT, which it considers discriminatory even though it has fully supported the notions of a world free of nuclear weapons and nuclear proliferation. In 1998, after India successfully conducted its thermonuclear test, Japan was at the forefront of the international committee to condemn and impose collective economic sanctions against New Delhi.

It is suffice to say that India-Japan relations remained a low-key affair after India’s independence. This was, in part, because Japan and the USA had signed a security alliance while India was the leader of the non-aligned world, hence averse to joining any block. Japan started taking interest in India only after America signed the Civil Nuclear Deal with India in 2005 and acknowledged New Delhi as a stabilising factor in Asia. US made New Delhi its security partner and started transferring military-technological know-how. Thus, Japan was forced to shed the ideological fault lines of cold war and start engaging with India. Although India-Japan had shared bilateral relations in the past, going beyond that happened only when the US looked at India as a potential balancer that could check China’s rise. In May 2007, US-Japan Security Consultative Committee proposed...
for an enduring security partnership with India because of India’s sustained growth rate, shared values of
democracy, rule of law and most importantly for the security of the sub-continent. Since then, India and
Japan have signed several agreements starting from 2007 when Japanese Prime Minister Shinzo Abe delivered
a landmark speech in the Indian Parliament. In 2008, India and Japan made a Joint Declaration on Security
Cooperation. In 2011, US-Japan Security Consultative Committee made India an enduring security partner
in the Asia-Pacific region.

The India-Japan CEPA signed in August 2011 covers not only trade in goods but also in services, Movement
of Natural Persons, Investments, Intellectual Property Rights, Customs Procedures and other trade-related
issues. Japan’s interest in India is increasing due to a variety of reasons including India’s large and growing
market and its resources, especially the human resources. At present, Japanese ODA is supporting India’s
efforts for accelerated economic development particularly in priority areas like power, transportation,
environmental projects and projects related to basic human needs. The joint ventures of India and Japan
include the Mumbai-Ahmedabad High-Speed Rail, the Western DFC, the DMIC with 12 new industrial
townships and the CBIC among others. The prestigious Delhi Metro Project has also been realised with the
Japanese assistance. Japanese FDI in India in the fiscal year 2016-17 was US$ 4.7 billion, an increase of 80 per
cent over the last year. Japan is the third largest foreign investor in India. Japan’s cumulative investment in
India since 2000 stands at US$ 25.7 billion.

The Dynamics in India, Japan and Chinese Relations

The border conflicts between India and China have been a long issue and it is evident from the recent dispute
over the Doklam plateau in the Himalayas in 2017. Japan, on the other hand, too has similar border issue
with China which has become one of the perennial sources of friction between the two neighbours. They
have the simmering territorial dispute over islands in the East China Sea known as the Senkaku in Japan and
the Diaoyu in China. The conflicts have been on the rise in the last few years as a result of China increasing
its maritime mightiness in the region. The assertiveness of China in the Indo-Pacific region and beyond is
changing the geopolitics and the regional security architecture.1 China’s Maritime Silk Road Initiative — a
significant portion of an ambitious project the BRI — aims to link major sea-lanes with strategic road-ways
spread across the oceans and seas in the Indo-Pacific.2

China’s increasing presence in the Indian Ocean, Persian Gulf and Arabian Sea is shifting balance in its
favour. Its investments in the countries of Southeast and East Asia — in their infrastructural development,
communication and connectivity — lead to its growing influence in the region. It is in this manner that China
is making its presence felt throughout the region in particular and more generally the entire globe.3

China, as a part of its BRI project, has developed several major infrastructural projects in the Indian Ocean
and ASEAN region. It has developed ports in Djibouti, Pakistan, Sri Lanka and Myanmar. It has built its
first Naval Base in Djibouti and is proposing to develop a Naval Base at Jiwani in Baluchistan province.
Pakistan’s civilian port at Gwadar is part of CPEC. In Sri Lanka, China has developed a port facility and a
special economic zone in its Hambantota province. It has agreed in October 2017 to take 70 per cent of stake

1 Wang, Yong. 2016. Offensive for defensive: the belt and road initiative and China’s new grand strategy. The Pacific
2 Kuo, Mercy A. 2017. The power of ports: China’s maritime march. https://thediplomat.com/2017/03/the-power-of-
ports-chinas-maritime-march/.
com/sites/china-ports/.
in port development in Madya Islands in Myanmar. China entered into a FTA with Maldives on December 8, 2017 during Maldivian former President Abdulla Yameen’s four-day visit to Beijing, thus becoming the second South Asian country after Pakistan to sign an FTA with China. It has signed major developmental agreements with Cambodia on January 11, 2018. A total of 19 agreements were signed that include the long-awaited “Sihanoukville Expressway”, a financing cooperation agreement for a new airport in Phnom Penh and a framework agreement for a “Techo 1” communication satellite.

China plays an important role in the infrastructural building in Malaysia, Philippines, Thailand, Vietnam and other countries of ASEAN region. In Malaysia, port development by China will enhance sea route connectivity. The Kuantan Port in Malaysia that faces the South China Sea will help in doubling the capacity of Chinese freight movements. The recent statistics reveals that the Chinese FDI now accounts for 6.2 per cent (2016) of the total Malaysian FDI inflows, up from just 1 per cent in 2010. Its relations with the Philippines under the Duterte Administration are improving and have created enormous investment opportunities for both countries. With respect to Thailand, China has an ambitious plan to establish a “Pan-Asia Railway Network” consisting of three major railway routes. The objective is to foster rail connections between China and ASEAN countries, with Thailand serving as the hub. This proposed railway network will run across Southern China, Laos, Thailand, Myanmar, Vietnam, Cambodia, Malaysia and Singapore. It has been Vietnam’s largest trading partner in the past decade and in 2016 Vietnam surpassed Malaysia to become China’s biggest ASEAN trade partner. The two countries have agreed to align the BRI initiative with the “Two Corridors and One Economic Circle” plan, which is set to connect northern Vietnam and southern China.

Chinese building military infrastructure in South China Sea is raising security concerns in the region. It has built missile shelters and radar and communications facilities on the Fiery Cross, Mischief and Subi Reefs in the Spratly Islands under its covert development of military facilities. There is an apprehension that these facilities could be used by China to restrict movement of ships through the South China Sea. The region of South China Sea is an important trade route. Roughly two-thirds of South Korea’s energy supplies, nearly 60 per cent of Japan’s and Taiwan’s energy supplies and about 80 per cent of China’s crude-oil imports pass through the South China Sea. Therefore, the control of the South China Sea would facilitate China’s dominance of Asia. Since US ships and aircraft as well as those of Japan, South Korea and other countries pass through the region, they would have to get Chinese permission to transit the South China Sea.

In the context of changing political and security system in the region, Japan came up with the idea of an alliance that can act as a balancer in the region. Although the idea of a Quadrilateral Security Initiative of “like-minded” democracies was first raised by the Japanese Prime Minister Shinzo Abe in 2007, cautious of their relations with China, India and Australia were initially unwilling to be part of the grouping. The reason for the revival of the Quad is the assertiveness and the expansionism of China in the region of Indo-Pacific. India

considers Chinese presence in its backyard as a security threat. ASEAN countries are not allowed to negotiate on the territorial issues arising in the South China Sea, rather China insists on negotiating with the claimants only on bilateral rather than multilateral level.

Finally, China is concerned that coming together of India and Japan can become a challenge to its expanding influence in the region. It is worried about the growing soft and hard power and political dynamics fostering between its regional rivals in the region. China is opposed to the very idea of being excluded in the region where it considers itself as a regional hegemon. The idea of politicisation of the region of Asia-Pacific with all the major powers getting involved remains central to the Chinese.

The strengthening of India-Japan relations may change the maritime security architecture of the South China Sea with regular patrolling of Japanese and Indian Naval Vessels. This can lead to China becoming more aggressive, thereby escalating the military build-up in the region. The strengthening of ties can lead to bandwagoning in the region where smaller nations align with India and Japan against China to secure their interests in the region. The region of Asia-Pacific could become an epicentre for the great power struggle with all the major powers competing for influence in the region. Therefore, in an attempt to maintain the balance of power in the region, the region would end up in making small countries vulnerable to the assertiveness of all the major powers.
India-Japan Economic Relations

H S Prabhakar

This chapter provides an introduction to the present state of Japanese economy followed by an explanation for India-Japan economic relations. However, it does not undermine the importance of either cultural or political/security aspects within the bilateral relations.

According to the IMF, Japan’s per capita GDP (PPP) was at US$ 38,937 during 2016–17. Japanese economy is highly developed and market oriented, and the third largest in the world by nominal GDP. Japan has the highest ratio of public debt to GDP of any developed nation. However, the national debt is predominantly owned by Japanese institutions/nationals.

Japan has one of the world’s largest automobile manufacturing and electronic goods industries. Being the most innovative nation, it leads several measures of global patent filing. Japan is the world’s largest creditor country, and generally runs an annual trade surplus. Machine tools, steel and nonferrous metals, ships and chemical substances are doing well.

Agriculture

Japan cultivates 13 per cent of the total land, and accounts for nearly 15 per cent of the global fish catch, second only to China. As of 2017–18, Japan’s labour force consisted of some 60 million workers. The Japanese economy faces considerable challenges posed by a declining population and shrinking workforce. In 2019, the business confidence in Japan has fallen to a six-year low. The country now recognises that immigration will be necessary for future growth, though it was obvious for at least 20 years.

Abenomics

Abenomics is a comprehensive economic reforms policy to sustainably revive the Japanese economy. It has produced considerable success, but delayed many. The Bank of Japan could not achieve its own target of 2 per cent inflation, and there are risks to pursuing such an objective at the expense of other policy priorities. Structural reforms and forward looking investment must continue.

This quantitative easing policy effectively doubling the money supply has been on a high scale that aims to get it into people’s hands, rather than just the banks.

In 2015, Prime Minister Shinzo Abe pledged to boost the country’s GDP to 600 trillion yen (US$ 5.4 trillion) by the time of Tokyo Olympics in 2020. This requires consistent annual growth rate of 3 per cent.

Abe’s programme aims “to rescue the country from the grip of disinflation and negative growth. The plan to jump-start the economy - a multibillion-dollar combination of massive stimulus, structural labor reforms, and monetary easing - has fallen flat, partly because of escalating political pressure” (The Yomiuri Shimbun, September 11, 2015).

Japan’s working-age population shrank further in 2018, bringing its ratio to the overall population to a record low. The annual data released by the Internal Affairs and Communications Ministry reflects the nation’s deepening labour crunch and possible future trend. Japan’s population as of October 2018 was 126.44 million. The working-age population of those 15 to 64 shrank 512,000 to 75.45 million, or 59.7 per cent of the total.
The data reflects Japan’s rapidly graying population. People aged 70 or above accounted for 20.7 per cent of the population. (*The Japan Times*, April 12, 2019).

One major long-term concern for the Japanese labour force is its low birthrate. While one countermeasure for a declining birthrate would be to remove barriers to immigration that the Japanese government has been reluctant to do, since foreign immigration to Japan has been unpopular among citizens.

The solution appears in allowing entry for millions of immigrants to the country to take care of the aging Japanese: “All the BoJ stimulus cannot make Japan’s population grow. ‘Japan does not need liquidity,’ [economist Carl] Weinberg says. ‘It needs people.”

In October 2019, the consumption tax will be hiked to 10 per cent; whether Japan’s economy will survive the tax hike intact is this year’s biggest issue in terms of economic policy and debate. While the recovery from the “lost decades” is incomplete, the planned increase in consumption tax appears another risk. A prior hike was blamed for a recession in 2014 too.

An index gauging business confidence among people in Japan has fallen to a six-year low (Bank of Japan quarterly survey for Dec-Jan 2019). The government pledged to take full measures to alleviate the impact of a planned consumption tax hike, in a basic policy for its budget compilation work for fiscal 2019. Whenever the taxes were hiked in the past, a recession followed.

**China Factor**

Exports to China have been on the decline for some time now. A blow to Japan’s competitive electronic parts industry and other industries cannot be downplayed. Though many Japanese companies still see prospects, trouble from the Chinese slowdown could cause further ripples in the global economy. Now US-China trade problems loom large and Japan has its own share of impact.

With uncertainties over the global economy threatening export-dependent Japan, profit forecasts have been downgraded by a net value exceeding US$ 11.7 billion since January 2019. Weakening demand for exports is a concern for the world’s third-largest economy. (*Mainichi* 2019)

By region, Japan’s deficit with China widened to 879.7 billion yen as exports plunged 17.4 per cent amid falling demand for high-tech products such as machinery to manufacture LCDs.

With the United States, Japan logged a surplus of 367.4 billion yen as exports of automobiles and construction equipment grew.

Japanese investment is more relevant both globally and within Asia-Pacific. Japan’s ODI stocks in the ten largest economies in Asia, excluding China, reached US$ 259 billion in 2016 (JETRO 2018).

Both countries possess surpluses with the region, but China’s surplus is hundreds of billions of dollars more than Japan’s. The need to diversify unbalanced economic relations away from trade and toward investments along with expectations of an official campaign to boost investments in the much-needed infrastructure may have prompted Asian policymakers to focus on developing closer ties with China.

**Abe Time**

Though Abe’s administration has been trumpeting its economic policy achievements, stressing the fact that the current run of economic growth started simultaneously with Abe’s return to power in December 2012, Japan’s economic growth has remained moderate at best, while dark clouds are gathering at a time when there...
is little room for additional fiscal or monetary policy stimulus. The real test of the administration’s economic policy prowess will come in coming months in 2019. Abe’s programme aimed “to rescue the country from the grip of disinflation and negative growth”.

India–Japan Bilateral Ties

The economic part of India-Japan bilateral relations has always dominated. The present robust economic growth of India caught attention of Japanese investors. And hence, Japan has now become the third-largest FDI facilitator to India.

Japan’s contribution to India’s FDI inflow is 6 per cent; but the quantum is rising steadily, especially in the Indian infrastructure and financial market. Japanese Equity investments are also on the rise and the volume of investment was around US$ 4.9 billion (2016–17). Cumulative FDI is estimated to be around US$ 25 billion by 2019.

During Indian Prime Minister Narendra Modi’s visit to Japan in September 2014, it was agreed to set a common goal of doubling Japan’s direct investment and the number of Japanese companies in India by 2019. PM Abe intended to make an effort to realise 3.5 trillion yen of public and private investment and financing, including ODA, to India in the coming five years. Japan has pledged investments of around US$ 35 billion for the period of 2014–19 to boost India’s manufacturing and infrastructure sectors.

Official Development Assistance

India has been the largest recipient of Japanese ODA for the past many years. Delhi Metro is one of the most successful examples of Japanese cooperation through the utilisation of ODA.

Japan will cooperate on supporting strategic connectivity linking South Asia to Southeast Asia through the synergy between “Act East” policy and “Partnership for Quality Infrastructure”.

Japan announced its cooperation of training 30,000 Indian people over next 10 years in the JIM, providing Japanese style manufacturing skills and practices, in an effort to enhance India’s manufacturing industry base and contribute to “Make in India” and “Skill India” Initiatives. JIM and the JEC in engineering colleges will be designated by Japanese companies in India, and this is a good example of cooperation between the public and private sectors.

Japan also is lending Yen loans to India for the construction of the Mumbai-Ahmedabad High-Speed Rail project. Japanese private sector’s interest in India is rising, and, currently, about 1,440+ Japanese companies have branches in India.

Imports and Exports

India’s primary imports from Japan are machinery, iron and steel products, electrical machinery, transport equipment, chemical elements, plastic materials, manufactures of metals, precision instruments, rubber manufactured, coal and briquettes, etc.

India’s primary exports to Japan have been petroleum products, chemical elements, fish and fish preparation, non-metallic mineral ware, Metalliferous ores and scrap, clothing and accessories, iron and steel products, textile yarn/fabrics, machinery, feeding-stuff for animals, etc.

Bilateral trade in services between India and Japan also remains subdued. India’s exports of IT and IT-enabled services to Japan account for 1–2 per cent of Japan’s IT services market and India also has an overall trade
deficit in services with Japan unlike the surplus position it has with many developed countries.

“The negative or slow growth in trade with Japan is a matter of concern for India, in view of the fact that there is high potential for faster progress on goods and services trade,” announced the Indian embassy in Tokyo. Apart from accelerating business activities, the CEPA deal aims to eliminate tariffs on 90 per cent of Japanese exports to India, such as auto parts and electric appliances, and 97 per cent of imports from India, including agricultural and fisheries products, until 2021.

Delhi–Mumbai Industrial Corridor

The agreement had two major concerns, namely the infrastructure in India and non-tariff barriers in Japan. On the infrastructure front, the two countries agreed to collaborate on the huge, US$ 90 billion DMIC project in 2006. The key agenda of the DMIC project involves the development of nine industrial zones; a high-speed freight line; three ports; six airports; a six-lane intersection-free expressway; and a 4,000-megawatt power plant. The project agreement appears highly promising in the environment of the new manufacturing policy whereby India is targeting to increase the share of manufacturing in GDP to 25 per cent within a decade, potentially creating 100 million jobs.

Japanese Concerns

Some hindrances to the success of the project are:

(i) Unclear decision making and ownership of operation due to a lack of consensus among many stakeholders, such as the DMIC Development Corporation and Central and State governments in India;

(ii) Unsatisfactory business plans and proposals by the Indian delegation to Japanese promoters.

At the same time, the infrastructure deficit in India remains a serious issue for Japanese investors. According to the Japan External Trade Organization’s FY 2011 survey, the top business problems in India are power shortages or blackouts and inadequate logistics infrastructure (identified, respectively, as 71.6 per cent and 64.8 per cent by firms covered in the survey).

Indian Concerns

The Indian government itself has recognised the deficit, estimating that US$ 1 trillion of investments in infrastructure are required in order to achieve a 9 per cent growth rate. India has also expressed its concerns about the agreement. New Delhi has urged Japan to remove all non-tariff barriers so that real benefits envisaged under the CEPA are realised.

Service Sectors

The Japanese economy is highly advanced, with the services sector accounting for 71 per cent of the GDP in 2009. The industrial sector, once the engine of Japan’s growth, now contributes only 28 per cent to the GDP while the agricultural sector accounts for 1 per cent.

Similarly, the services sector is the largest contributor to India’s GDP, accounting for 55 per cent while agriculture and industry contribute 18 per cent and 27 per cent, respectively.

Dedicated Freight Corridor

Discussions have also taken place on the DFC, a project of close to Rs 50,000 crore, of which Japanese
assistance has been of about Rs 38,000 crore.

While the first section of the 190 km has been opened on the Western DFC, the next segment of 492 km between Rewari and Marwar is likely to open early next year. Final completion is targeted for March 2020.

Progress on some of the Metro projects being funded by the Japanese across Indian cities was taken stock of, including the Delhi Mass Rapid Transit System and Chennai Metro.

Japan is also at the forefront of engaging in Indian national initiatives, such as “Make in India”, “Skill India”, “Digital India” and “Start Up India”. Japanese investors have faith in India’s economic future that is marked with myriad opportunities.

Japan agreed to allow trade in local currencies rather than using US dollars only. A US$ 75 billion currency swap agreement between India and Japan (at the 13th India-Japan Annual Summit, 2018) has come at a time when India is battling with the depreciating value of rupee against the dollar. This swap arrangement is 50 per cent higher than our last swap agreement.

The CEPA signed by India and Japan in February 2011 and implemented from August 2011 was expected to boost bilateral trade in goods and services. However, India’s merchandise exports started contracting in four out of five years between 2012–13 and 2016–17. As a result, India’s trade deficit with Japan has now widened to US$ 5.9 billion against US$ 2.7 billion in 2013–14.

Mechanism for India-Japan Bilateral Relations

- Treaty of Peace (1952)
- Agreement for Air Service (1956)
- Cultural Agreement (1957)
- Agreement of Commerce (1958)
- Convention for the Avoidance of Double Taxation (1960)
- Agreement on Cooperation in the field of Science and Technology (1985)
- Japan-India Comprehensive Economic Partnership Agreement (2011)
- Annual PM level Summit alternately in Tokyo and New Delhi

Summary

‘Asia ex-Japan’, ‘Asian Tiger’ and ‘Flying Geese’ are widely used paradigms for analysing the region’s economy and markets, but according to experts that framework is fast losing relevance. Nevertheless, Japan was the Asian region’s top economy for a long time and remains a major player; but China is now becoming dominant and its FDI is increasing fast. The concepts still remain valid as such features continue to set Japan apart as Asia’s only fully advanced economy.

India-Japan Synergy

India being a resource provider of Iron ore, gems & jewelries, IT products and rare earth materials, a production hub certainly could be expanded. Japan is a capital/tech provider; e.g., the ODA, of which India is the No 1 recipient. JFDI is also expanding and has a huge potential. Though bilateral arrangements have caused a great transformation, reforms are still the need of the hour in both countries.

India and Japan have set a target of achievable US$ 25 billion worth of bilateral trade in near future from the...
present US$ 16 billion. Japanese ODA supports India’s development in sectors such as power, transportation, environmental projects and projects related to basic human needs.

Both sides are striving to push a digital partnership, with the NITI Aayog being the nodal point on the Indian side and METI on the Japanese side. Areas of potential collaboration include AI, and big data.

Few reasons to consider Japan separately: Japan is the first and only fully developed Asian economy, whereas a large number of economies in the region are still being classified as emerging.

New Model Necessarily Needs to be ‘Global’

The 21st century will be Asian century, and India-Japan ties will play a key role in shaping it. Both have agreed to promote peace and stability in the region and the world.

“India and Japan must endeavor to work together for a rules-based and inclusive world order that fosters trust and confidence by enhancing communication and connectivity to ensure rule of law, unimpeded trade and flow of people, technology and ideas for shared prosperity.” (India-Japan Vision Statement 2018)

Both India and Japan being democracies, share common agenda at regional and global levels. For example, they aim at reforms, expansion and membership in the United Nations Security Council. Both have better understanding and cooperation in fighting piracy and working for global peace.

Thus, as dimensions of India-Japan relations are many and growing stronger, it is safe to conclude that India-Japan bilateral relations are one of the most important in the Asia-Pacific region.

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Abstract

Given the context of the changing dynamics of the Asia-Pacific and its progression into the most important strategic and economic theatre in world politics, the perceptions of India and Japan about this region are of critical significance. Though India and Japan have their own objectives in the Asia-Pacific, there is a growing convergence of geo-political strategic and geo-economic interests. Strategically and geo-politically they have common perspectives in their opposition to Sino-centrism and support to American Primacy impacting on security and balance of power in the region. Economically, the relationship has ambitions way beyond the contours of liberal logic. The agreement on rule of law together with freedom of navigation, maritime democracy, multipolar Asia, joint implementation of international peacekeeping activities, defence cooperation including joint naval exercises, collaborative projects for economic and infrastructure development represent commonality of Indo-Japanese visions in the Asia-Pacific. The Japan’s advocacy of the Free and Open Indo-Pacific, India’s Look/Act East Policy and their allegiance to the US-driven Quadrilateral (QUAD) schemes are reflective of the common views and visions of India and Japan.

Asia-Pacific: As a Critical Strategic Site

The Asia-Pacific region includes the countries located on and within the edges of the Pacific and Indian Ocean and covers China, South and North East Asia and South Asia, and other Indian Ocean countries. This region, with world’s two biggest economies and busiest trade routes, home to eight of the world’s largest militaries with the fastest increasing military expenditures with nuclear capabilities characterised by arms race, tensions on account of territorial disputes and contrasting views on economic development and systems of government, is the most critical strategic site in international politics today.1 Shaped by the rise of China and India, the region is becoming the centre of world politics and economy and a single strategic system with security and maritime dynamics, and symbolises a geopolitical convergence of two strategic subsystems — Indian and Pacific Oceans. The Indian Ocean has replaced the Atlantic as the busiest and most strategically significant trade and commerce corridor, carrying two-thirds of global oil shipments.2 Eighty four percent of China’s oil imports and up to 90 percent of Japan’s are shipped from the Middle East and Africa through the Indian Ocean.3

What makes the region strategically significant is the rise of China and its impact on the geopolitics of the region. The US has been the most important player — major economic actor and security provider — of this region since the end of the Second World War. The Chinese ambition is to become a great power regionally and globally. China under Xi Jinping has a number of domestic and international initiatives to achieve its

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goals by 2035 and 2050 as part of its grand strategy. Central to this grand strategy is the BRI, a flagship initiative that Xi Jinping introduced to the world in 2013, which is primarily aimed at revitalising the Chinese economic growth by engaging more intently with the outside world by promoting international cooperation through "policy, infrastructure, trade, financial, and people-to-people connectivity". The rise of China, the US policy of rebalancing and the response of regional countries necessitate new security architecture to meet the maritime security challenges in the Indian and Pacific Oceans. This is the result of an ongoing power transition taking place in the international system – the power shift from the West to East and the corresponding resurgence of Asia.

China’s economic growth and military capability powered by nuclear weapons and its assertiveness is treated with concern and apprehension by other major powers of the region, especially India and Japan. To counter China’s growing influence, the US in 2011 under President Barack Obama initiated the “Pivot to Asia” strategy, which in 2012 evolved into “strategic rebalancing” a shift that entailed a strong military commitment to the Asia-Pacific. In 2017, the US President resuscitated QUAD, an informal grouping of democratic maritime powers the United States, India, Japan, and Australia that emphasised a “Free and Open Indo-Pacific” strategy, which officially expanded the geographic scope of the Asian region to include India, and argued for a rules-based order in the region. As such, the Indo-Pacific represents a theatre of great power competition witnessing the rise of traditional and non-traditional maritime security challenges beset with disputed maritime territory, contested sovereignty and resources. Many of these threats have a transnational nature, where dynamics in one part of the system influence events in another, necessitating integrated operational plans and strategic relationships between the various stakeholders. The biggest threat to maritime peace and security comes from Chinese unilateralism in the South China Sea. China is asserting increasing control over the South China Sea, including by installing sophisticated weapons on the islands it controls. In doing so, it is gaining de facto control of the region’s hydrocarbon resources, estimated at 190 trillion cubic feet of natural gas and 11 billion barrels of oil in proved and probable reserves. Aggressive behaviour in the South China Sea, disputes with Japan (Senkaku Islands) and maritime assertiveness including building military base on artificial islets, declaration of ADIZ over Senkaku Islands, Chinese “string of pearls” strategy reportedly seeks to enclose India by funding ports and refueling stations in Pakistan (Gwadar), Sri Lanka (Hambantota), Bangladesh (Chittagong), and Myanmar (Sittwe and Kyaukpyu). India through its oil exploration in Vietnam and military exercises with countries of the region like Mauritius and Seychelles seeks to counter it. They fear the ascendancy of a China-led illiberal hegemonic regional order, at the expense of the liberal rules-based order that most countries in the Indo-Pacific support. Given the region’s economic weight, this would create significant risks for global markets, rule of law and international security.

is not just a question of dispute over some tiny islands but a rules-based regional order, freedom of navigation of the seas and skies, access to maritime resources, and above all balanced power dynamics in Asia. Thus, the transformations taking place in the strategic landscape of the Asia-Pacific pose new economic and security challenges, especially for countries like Japan and India.

**Mutual Interests and Common Views**

The geographic position of India and Japan place them at the centre of the Asia-Pacific. For India, the Asia-Pacific region is of great significance in the context of its growing economic interests, security threats, renewed focus on immediate and extended neighbourhood, and great power ambitions. India wants to modernise and seek resources and technology from the neighbouring countries. India has enormous economic interest in protecting the marine resource of the region. For India, the waterway is an important sea-lane for its trade and commerce and to emerge as a key maritime power. Nearly 55 per cent of India’s trade passes through the region. Moreover, India’s economic and political relationship with ASEAN countries, especially Japan, is tied-up with geopolitics of the region. Both India and Japan have substantial energy supplies from the Middle East through the Straits of Hormuz and Malacca, where India has a formidable presence. Peace and tranquility in the Asia-Pacific is vital for Japan and India since their energy lifeline passes through it. The security of the Southeast Asian straits is critical to Japan since 80 per cent of its energy resources pass through it.9 Tranquility in the Western Pacific is of primary importance for Japan’s security, just as India’s survival interests are directly linked to what happens in the Indian Ocean and South Asia.

India and Japan are very concerned about the ongoing transformations in the Asia-Pacific as they have common interests, concerns and views covering economic, security and strategic arenas. The relationship between the two has improved since the end of the Cold War with regular high-level meetings, frequent and deepening exchanges at the diplomatic, defence and business levels. The major reason for the reconceptualisation of the Asia-Pacific is that India and Japan are united in their concerns over China’s economic and political development strategy for the region. Beijing’s maritime assertiveness in the East and South China Sea, as well as in the Indian Ocean-South Asia regions, and its push to expand its geopolitical influence in the Asia-Pacific through its BRI and AIIB are particularly alarming.10 The relative decline in the credibility of the US and its old alliance system in addressing the concerns of its partners and the challenges in the region worry Japan and India alike. The US policy of protectionism and transactionalism under President Donald Trump has increased the confusion among America’s conventional partners in the region.

From a security perspective, Chinese push towards the Indian Ocean to establish politico-economic relationships with Pakistan, Sri Lanka, Myanmar and Maldives seriously undermines India’s interest in the region. The military and economic aid to some of these countries has indeed strengthened Chinese presence in the region. Therefore, it is evident that the Chinese influence in the Indo-Pacific region poses a serious challenge to “freedom of Navigation, stability, and security of the region”. It was in this context Prime Minister Narendra Modi emphasised in the second Raisina Dialogue, in New Delhi in January 2017, the importance of multi-polar world and especially Asia-Pacific.11 India is expected to pursue its quest for multi-

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polarity and great power identity, and pragmatically engage with all the important players on the global scene to ensure regional peace and stability, which are critical for facilitating development and security. Advocating a liberal order and supporting a “free and open Indo-Pacific region” is India’s approach of “engagement plus enlargement.”

As the power balance in the Asia-Pacific shifts, Japan’s economic and security concerns assume new dimensions. Japan is skeptical about depending on US security guarantees alone to counter China’s regional hegemony. It has established NSC for security reforms, for greater freedom in security related operations from the US shadow and to establish security collaboration with other countries to effectively challenge Chinese revisionism. Under Prime Minister Shinzo Abe, Japan has been pursuing a strategy of “pro-active contribution to peace” by looking beyond its security ties with the US and building strategic partnerships with militarily capable democracies in the Indo-Pacific region. Abe’s optimism was reflected in his statement that Japan-India relations hold “the greatest potential of any bilateral relationship anywhere in the world”. Modi echoed similar sentiments when he urged Abe that the two countries should strive to achieve in the next five years their relationship’s unrealised potential of the last five decades. Abe’s Indo-Pacific vision is anchored on the principles of universal values and international norms. Japan has underscored the critical importance of maritime security and the rule of law together with freedom of navigation and unimpeded commerce as important pillars of Japan’s new strategy in the Asia-Pacific that serves the interests of regional stakeholders, especially India.

China is seeking to wage a campaign of attrition against Japan over the Senkakus by gradually increasing the frequency and duration of its intrusions into Japan’s airspace and territorial waters. The strategically located Senkakus, despite their small size, are critical to maritime security and the larger contest for influence in the East China Sea and the larger Asia-Pacific region. This has shaken Japan out of its complacency and diffidence and set in motion the strengthening of Japan’s defence capabilities, including arming its far-flung island chain in the East China Sea with a string of anti-ship, anti-aircraft missile batteries.

India’s “Look East”/ “Act East” policy which envisions active engagement with ASEAN and East Asia remains largely anchored upon Japanese support. India’s participation in the East Asia Summit was facilitated by Japan, and the East Asia Community proposed by Japan to counter China’s proposal of an East Asian Free Trade also includes India. While China opposed the inclusion of India, Japan has strongly supported the entry of India. Japanese financial and technical support is integral to the achievement of India’s Act East policy. The construction of a highway from Meghalaya in northeast India to Myanmar as part of the India-Myanmar-Thailand trilateral pact, and the strengthening of the Tura-Dalu (NH-51) and Shillong-Dawki (NH-40) in Meghalaya to improve connectivity with South East and Bangladesh depends largely on Japanese support. This collaboration and interdependence between these countries at different fields are essential for security and development in the Asia-Pacific.

Commonality of Economic Collaboration

India and Japan have common views on economic collaboration aiming for domestic and regional prosperity.

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with the underlying strategic objective for a favourable balance of power in the region. India’s economic perspectives are influenced by considerations of domestic economic infrastructure requirements and views of democratic and multi-polar Asia.

Japan is increasingly becoming India’s preferred economic partner at many levels. India has been one of the largest recipients of Japan’s ODA. From late 2014, Japan has pledged about $854 million in funding at reduced interest rates for about 1,200 kilometres of roads across India’s northeast and several hundred million additional low-cost funding and aid for water and hydroelectric projects in areas near the Chinese border.\(^5\) Japan has helped India with financial matters of strategic significance by signing a $50 billion debt swap in September 2013 to arrest free fall of Indian rupee with a clause allowing the ceiling on the deal to go as high as India wanted.\(^6\) The BSA, a marker of greater financial and economic cooperation between the two sides, is expected to bring “greater stability to foreign exchange and capital markets in India” and “enable the agreed amount of foreign capital being available to India for use as and when need arises.”\(^7\) Japan provides financial and technological support for Delhi-Mumbai Freight Corridor, DMIC, CBIC and the Ahmedabad-Mumbai High Speed Rail system.

Japan is increasingly emerging as a “natural partner” for the development of the northeast. India-Japan Coordination Forum on Development of Northeast was instituted in August 2017. Northeast is the space where Abe’s “Free and Open Indo-Pacific Strategy” and Modi’s “Act East” policy ‘converge’, as it is situated at an important juncture between India and Southeast Asia as well as within BIMSTEC countries. Japanese ODA loan is supporting Phase I of the North East Road Network Connectivity Improvement Project with special focus on National Highways 51 and 54 in Meghalaya and Mizoram.

As a provider of capital and technical know-how, Japan is increasingly exploring ways to strengthen connectivity and infrastructure along the Asia-Pacific with India. The commonality of perspectives of India and Japan in terms of geo-economics and geopolitics is much reflected in the Asia Africa Economic corridor and Act East Policy vs China Belt and Road collaboration with America’s QUAD or Asian Pivoting. Amid growing concerns about China’s BRI, India and Japan are partnering for creating a viable alternative for infrastructure development and connectivity among countries across regions, including AAGC, South Asia and the Indo-Pacific. Japanese funding for ventures in the Indian Ocean basin such as a 15-megawatt (MW) diesel power plant to be built on South Andaman, collaboration on extension of economic ties and infrastructure from India to Burma, and Japan joining India to develop the strategically important port of Chabahar in Iran are of great geo-economic and strategic significance.\(^8\) These projects are aimed at maritime cooperation in the Asia-Pacific to balance the growing Chinese presence in the region. The AAGC is conceived with the objective of cultivating value chains, advancing economic networks and sustainable development, and inter-connectedness between and within the two growth poles of Asia and Africa. AAGC focuses on four priority areas relating to development projects — quality infrastructure


\(^{16}\) Indo-Japan Summit: key pacts on high-speed rail, nuke energy inked. 2015. *The Indian Express*, 12 December.


and institutional connectivity, skill development, capacity building and people-to-people cooperation. It is considered as a joint strategy by Japan and India to ‘counter’ China’s BRI.\(^{19}\) Again the ‘PQI’, proposed by Japanese Prime Minister Shizo Abe in May 2015, aims to “spread high-quality and innovative infrastructure throughout Asia”.\(^{20}\) It effectively fits within the broader framework of Abe’s “Free and Open Indo-Pacific” and India’s “Act East” policy.

**Maritime and Defence Commonalities**

India and Japan view themselves as maritime nations and maritime security cooperation has become a key area for collaboration between the two, especially in the context of the challenge to rule-based maritime order or disagreements over how to manage the new maritime dynamics of the Asia-Pacific. Commitment to the creation of a robust multi-polar Asian order and thriving open sea lanes of communication in the region are important strategic objectives for India and Japan. This has acquired much momentum in the security and strategic aspects between India and Japan as visible in the military-to-military exercises, exchanges, and, most recently, military equipment and technology transfers. Significant progress has been made in the last decade in fostering joint efforts towards shared security since the signing of the India-Japan Joint Declaration on Security Cooperation in 2008.\(^{21}\) From 2012, the JMSDF and the Indian Navy have held the JIMEX. The 2013 NDPG clearly state that Japan will strengthen its relationship with India in a broad range of fields, including maritime security, through joint training and exercises as well as joint implementation of international peacekeeping activities. There has also been progress on finalising India’s long-delayed plans to purchase Japan’s US-2 amphibious plane. The two forces also engage in regular maritime security dialogue and staff talks between the leadership. Japan’s Maritime Self-Defense Forces have started operating alongside the US and Indian navies in the annual Malabar naval exercises as a permanent member since 2015. Malabar exercise has been a catalyst for growing security cooperation between India and Japan.\(^{22}\)

Two agreements signed in December 2015 — “Agreement Concerning Transfer of Defence Equipment and Technology Cooperation” and “Agreement Concerning Security Measures for the Protection of Classified Military Information”, marked a new beginning in bilateral defence cooperation. There is a robust framework of engagement at different levels including the national security advisors, service-chiefs and between the services, and ATLA and DRDO with the aim of augmenting cooperation. Both India and Japan are considering incorporation of ASW training and exchanges by ASW aviation units such as P-3C in addition to MCM training. What is visible in all these are common interests converging into a security-oriented strategy for countering China in the maritime domain of Asia-Pacific.

India-Japan cooperation aims to have reliable security and assured deterrence against Chinese encroachment in the Indian Ocean and into the Southwestern Pacific. Japanese weapons, technologies and defence know-how in several critical areas are related to mutual security aims. India would like

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greater Japanese investment and assistance in its indigenous armaments manufacturing capacity, shipbuilding capacity, procuring weapons platforms and advanced technology for maritime surveillance and patrol, and eventually robust anti-submarine warfare capability.\textsuperscript{23} India is focused on the near-term improvement of maritime surveillance and interception capabilities in the context of increasing Chinese presence in the Indian Ocean. Both countries agreed to scale up cooperation on MDA. India and Japan provide escort services to ships, conduct joint search and rescue exercises and anti-piracy operations since 2000. India-Japan Vision Statement, 2018 emphasises the need to work together towards nuclear nonproliferation and fighting terrorism.\textsuperscript{24} The Japanese funding for the construction of new ELINT/SIGINT stations along the Andaman and Nicobar Chains of Islands to monitor Chinese submarine and joint initiative in building Chabahar Port in Iran are important joint maritime endeavours. Japanese support is also important for India’s five-pronged strategy of targeting the Seychelles, Mauritius, Sri Lanka, the Maldives, Bangladesh and Myanmar to expand its maritime infrastructure development to prevent the rise of a Sino-centric Asia.

Japan’s developmental, diplomatic and strategic policies have been based on open international system. As a maritime state, Japan advocated “Open and Stable Seas”, based on such “fundamental principles as the rule of law, open market, freedom and safety of navigation and overflight and peaceful settlement of disputes”.\textsuperscript{25} Japan’s national interests are maintaining its own peace and security and ensuring its survival in order to achieve prosperity for the country and its people, as well as maintaining and protecting the international order based on universal values and rules.\textsuperscript{26} This was echoed in Japanese Prime Minister Shinzo Abe’s remarks on “concert of democracies” in 2006 and “Confluence of the Two Seas”, and “convergence of two seas” in 2007. Similarly, the idea of “proactive contribution to peace”, the establishment of the NSC, the adoption of the National Security Strategy and NDPG in 2013, adoption of Three Principles on Transfer of Defence Equipment and Technology in 2014, and development of Security Legislation and Japan’s Legislation for Peace and Security in 2015 are fundamentally aimed at ensuring maritime significance.\textsuperscript{27} According to the “Tokyo’s Declaration for India-Japan Special Strategic and Global Partnership” unveiled during Modi’s visit in 2014, these two leading maritime democracies in Asia had agreed to “upgrade and strengthen” their defence relations and work together on advancing security in Asia and in the wider Indo-Pacific region. As energy-deficit countries heavily dependent on oil and gas imports, India and Japan are naturally concerned by China’s efforts to assert control over energy supplies and transport routes as well as by its claim to more than 80 percent of the South China Sea. Obliquely referring to China, the Tokyo Declaration stated India and Japan “affirmed their shared commitment to maritime security, freedom of navigation and overflight, civil aviation safety, unimpeded lawful commerce, and peaceful settlement of disputes in accordance with international law”.\textsuperscript{28}

\textsuperscript{27} Ibid.
These views are further emphasised in the “Five Principles of Japan’s ASEAN Diplomacy” pronounced by Abe in January 2013 which included: 1. Protect and promote universal values, such as freedom, democracy and basic human rights; 2. Ensure that the free and open seas, as the most vital common assets, are governed by laws and rules and not by force, and to welcome the US rebalancing to the Asia-Pacific region; 3. Further promote trade and investment, including flows of goods, money, people and services, through various economic partnership networks; 4. Protect and nurture Asia’s diverse cultural heritages and traditions; and 5. Promote exchanges among the younger generation to further foster mutual understanding. The key to Japan’s Asia-Pacific strategy is “Free and Open Indo-Pacific Strategy” announced by Abe at the TICAD VI held in Kenya in August 2016. The Indo-Pacific strategy aims to create the synergy between the “two continents” and “two free and open seas” for stability and prosperity created by combining two continents and two oceans. The strategy emphasises on improving the ‘connectivity’ between Asia, the Middle East and Africa through Free and Open Indo-Pacific, and on promoting peace and prosperity in the region as a whole. Concerning Asia, Japan will expand infrastructure development, trade and investment, and enhance business environment and human development from East Asia as a starting-point, to the Middle East and Africa. Concerning Africa, Japan will provide nation-building support in the area of development as well as politics and governance. Japan’s Indo-Pacific strategy was originally formulated in response to China’s OBOR by the Japanese Ministry of Foreign Affairs (MOFA) in 2016. Among other objectives, the Indo-Pacific strategy aims to strengthen India’s critical role and the Japan-India strategic partnership through the Indo-Pacific Vision 2025.

India’s “Act East” policy that comprises a range of institutional, economic, political and security engagements is the core of India’s Asia-Pacific vision. It is more maritime-centric today than before as Asia-Pacific is taken as a route to get connected to other countries and establish strategic connection with the region.

The policy contours behind this outlook are to enhance India’s strategic positioning as a power, taking advantage of the economic conditions of the region, aiming to maximise the maritime interests and pushing forward India’s strategic connections with the region through infrastructure development and connectivity while adhering to liberal values and universal norms. The idea of SAGAR further envisions the desire to collaborate with the region. Thus, there is great commonality of views and visions between India and Japan in myriad fields in the context of transformations taking place in Asia-Pacific.

**Conclusion**

The Indo-Japanese vision of the Asia-Pacific is based on the principles of liberal mutual economic benefits and strategic interdependence that function as the operating framework for achieving wider geo-political objectives. Both India and Japan agree on universal value-based politicking for collective self-defence involving infrastructure development, rule of open seas and allegiance to a US-based liberal order. The commonality of visions and strategic imperatives facilitate economic cooperation, defence collaboration, strategic positioning, joint endeavors in regional mechanisms to meet the emerging challenges in the Asia-Pacific. The commonality

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33 Ibid.
of views and mutuality of interests between India and Japan have opened up avenues for cooperative connectivity projects in South Asian and East Asian neighbourhood regions and beyond, based on the idea of “Proactive Contributor to Peace”, “Free and Open Indo-Pacific Strategy” and India’s “Act East” policy and universally-agreed principles of international law and market economy. Domestic economic development and defence modernisation are important aspects of the common vision. Developing inter-connectivity and infrastructure projects form the key to the Japanese concept of a Free and Open Indo-Pacific. India and Japan believe that transparent institutions, multi-polar Asia, good governance and international law that can ensure secure supply chains and fair access to resources are important for peace and development in the region. Ensuring a favourable balance of power vis-a-vis China in the transformative Asia-Pacific is the key objective of India-Japan convergence of visions and endeavors.
India and Japan: New Partners in the Emerging Regionalism in East Asia

Madhuchanda Ghosh

Introduction

Since the early 20th century, intellectuals of India and Japan have envisioned the idea of pan-Asianism, including Nobel Laureate Indian poet Tagore and the Japanese cultural ideologue Okakura Kakuzo, who famously coined the phrase in his book *The Ideals of the East* that Asia is One. In the contemporary times, Indian scholars like Amitav Acharya, in his recent book, *East of Asia, South of China*, has located India’s foreign policy as a significant event in the broad continuum of India’s civilisational and historical interactions with Asia, particularly with Southeast Asia. The region in Southeast and East Asia is on the cusp of such a remarkable transformation that by most forecasts the current century will be dominated by developments in this region. This region presents an interesting picture where despite the presence of two major regional powers, China and Japan and the continuing influence of the US, it has been a cluster of smaller states assembled in the ASEAN organisation that have led the way in building regional cooperation. The significance of India-Japan partnership is perhaps the greatest in the East Asian regional context. East Asia has been a major focus of the India-Japan strategic partnership since Koizumi’s era, when in 2005, Japan facilitated India’s entry into the EAS. This paper seeks to analyse India-Japan relations in the broader context of the regional project of the EAS and the regional balance of power.

Backdrop

In the post-Cold War era, a major factor contributing to the process of regionalism in East Asia has been the region increasingly being knit together by economic linkages. Economic linkages of region-wide production networks were created primarily by Japan and by the expansion of ethnic Chinese business networks. As Richard Stubbs noted in his essay, “ASEAN’s leadership in East Asian region-building,” some states, including most notably Malaysia, considered Japan as a candidate for regional leadership. Japan clearly had the resources. In the 1990s, Japan was perceived as the main engine of growth in the region given that since the late 1980s Tokyo provided over 60 per cent of all bilateral Official Development Assistance received by the regional states. By 1994, the amount of FDI going into the ASEAN member countries from Japan was over US$ 5.3 billion. Apart from the huge Japanese FDI inflows to the regional states, Japan was also importing a rapidly increasing amount of manufactured goods from East Asia. These factors impelled the regional actors to look upon Japan for a greater measure of regional leadership, as reflected in the Malaysian premier Mahathir Mohammed’s proposal of building an EAEC led by Japan. Japan was, however, reticent in assuming regional leadership primarily because of the apprehension that since the US was not considered to be a part of the process of regionalism in East Asia, taking a leading role in a new East Asian regional arrangement would put at risk Tokyo’s strong links with Washington. Moreover, the negative historical legacy of militarism, which Japan had in the region, was a retarding factor vis-a-vis Japan’s lack of political will to assume a regional leadership to further the process of East Asian regionalism.

The other major power in East Asia, China, had neither the economic capability nor the political will to take

on a leadership role in shaping the processes of regionalism. The economic situation in China during the 1990s was not conducive for the Chinese leadership to consider taking on a leadership role. In the mid-1990s China’s economy only began to take off as it emerged as the largest developing country recipient of FDI. Beijing lacked the vision and the capacity to develop region-wide initiatives that might garner support from the regional actors. Moreover, there was a lack of enthusiasm among the regional stakeholders about following any lead that China might provide for several factors. For instance, countries like Malaysia, Philippines and Indonesia perceived an imminent economic threat posed by China as the Chinese economy became a formidable competitor for the labour-intensive export manufacturers of these countries. The ASEAN economies were clearly losing the battle with China to attract FDI. In addition, Beijing’s growing assertiveness in its territorial claims over the South China Sea and the clashes that took place throughout the early 1990s over who should control particular parts of the Spratly Island archipelago, factored in shaping the perception of the regional states vis-à-vis welcoming a Chinese initiative towards building a framework for regionalism in East Asia. On the top of this, the prospect of a confrontation between China and the US over Taiwan posed a potential problem for all countries in the region. It was not clear, therefore, that China could command the sort of acceptance by the East Asian states necessary to rally support for its leadership vis-à-vis the new East Asian regional arrangement.

Such a regional scenario and the changing geopolitical dynamics propelled the ASEAN to assume a leadership role in the region to fill the void. Though ASEAN stepped into a leadership role in the region, it did not attempt to provide leadership across the board. Instead, ASEAN’s leadership was issue-based as it focused on very specific issues of developing regional forum which would bring together the regional actors for exploring ways of managing some of the most pressing challenges to regional security and economic prosperity. ASEAN members had the political will to act and had the legitimacy to gain widespread acceptance for any new initiative towards regional integration. Thus, ASEAN was at the core of the project of regionalism in East Asia. Though East Asia continues to be economically the most vibrant region and economic interdependence has been rapidly increasing, this is an insufficient condition to ensure regional peace and stability, particularly in the context of the growing military assertiveness of China and the ensuing non-traditional threats and challenges. Moreover, there is no viable balance of power in East Asia and the great power relations are yet to become predictable. Therefore, it becomes incumbent on Japan and India to work together in ensuring a peaceful and stable regional order.

India-Japan Strategic Convergence in East Asia

India’s focus on East Asia is reflected in the renaming of the erstwhile “Look East Policy” as the “Act East Policy” by the Modi government. It indicates that East Asia has assumed a key importance in India’s foreign policy calculus. Over the years, India’s participation in all the EASs stands testimony to the importance India attaches to this process of East Asian regionalism. In comparison, American leadership’s absence in the key Asian summit meetings including the EAS reinforces the narrative of a US adrift in Asia which has raised concern in the region with regard to whether Washington would continue to play its traditional role in the region as the main upholder of a rules-based order. The waning American influence in the region is propelling Beijing to seize the moment to make clear that Asia’s centre of gravity is inexorably tilting towards Beijing. The growing consternation in the region due to fear of the increasing Chinese preponderance has created some strategic appeal for India as a potential “regional balancer”.2 One of the key drivers behind some of the

2 See Bajpayee, Kanti. 2018. India’s ASEAN embrace: unlike China, Southeast Asian countries do not have a problem with India’s rise. The Times of India, 27 January; See Chandran, Nyshka. 2018. Southeast Asia is increasingly turning to India instead of the US or China. March 15.
East Asian states, including Japan, to engage in strategic cooperation with India is the convergence of interests as a response to the potential threat of a rising China.

Both India and Japan share the core interest of how to deal with the emerging China-led new regionalism as indicated in such grand strategy as the BRI. Critics view BRI as a vehicle for China to write new rules that reflect Chinese interests. Describing China’s development assistance as “predatory economics”, the former US Secretary of State, Rex Tillerson accused Beijing of undermining the sovereignty of its neighbours in Asia and stated that China’s projects burden host countries with large debt and conditions that force a swap of debt for equity and strategic control of assets. Sri Lanka agreed to cede control of the new $1.5 billion Hambantota port on its southern coast to China in a bid to ease the debt burden it had accumulated with Beijing. Compared to China, Japan’s overseas aid agency, the JICA, has been promoting infrastructure projects in the Bay of Bengal for more than a decade for enhancing connectivity, providing more economically feasible and transparent alternatives to Chinese-sponsored projects.

In this context, it needs to be noted that well before the Chinese President Xi announced the BRI in 2013, the Japanese Prime Minister Abe had unveiled a new vision of regional connectivity, through his idea of “Confluence of the Two Seas”, which he further expanded by emphasising on a “Free and Open Indo-Pacific”. Abe’s vision calls for connecting “two continents” — Asia and Africa — and “two oceans” — the Indian and Pacific through trans-border connectivity corridors. In Abe’s view, India-Japan strategic cooperation would act as a stabilising force in the Indo-Pacific, including East Asia. It needs to be mentioned that though Japan has exhibited openness towards BRI, it has also put forward alternative narratives promoting regionalism and regional integration, such as the PQI in which India and Japan are partners. Both countries have exhibited keen interest to partner in ambitious projects like the AAGC. Even under the framework of the “Indo-Pacific Strategy”, Japan and India are seeking to work together with other member countries of the Quad, namely the US and Australia, on important infrastructure projects that would bolster the processes of regionalism. This indicates the positive implications of the Japan-India partnership vis-à-vis the processes of regionalism in Asia.

Conclusion

The EAS is an example of regional diplomatic framework that has evolved towards mega-regional Asia-Pacific grouping, though centred around ASEAN. However, escalating tensions between the US and China, can make ASEAN — indicated as the institutional core of East Asian regionalism — a ‘hostage’ of the interests of the large Indo-Pacific countries. India-Japan partnership has the potential to significantly contribute to the process of regionalism in the EAS by promoting and strengthening the ASEAN approach and norms of restraint and accommodation through regional cooperation to curb hegemonic aspirations of any East Asian and Indo-Pacific powers. Of the various dimensions of the India-Japan strategic partnership, the most discerning is the one which is related to their cooperation in working together to ensure that the current transition which East


6 Author’s interview with Shinzo Abe, the then former prime minister of Japan, Tokyo, 21 October 2011.

Asia is experiencing is smooth and any future regional order is devoid of conflicts and mutual acrimony. Both India and Japan have strong stakes in East Asia and hence it is incumbent on them to work together towards building the new regionalism in East Asia.
Idea of Global Partnership: Role of India-Japan Maritime Cooperation in the Indo-Pacific

Prakash Panneerselvam

Introduction

The term “Indo-Pacific” attributes to the major change in the regional security system in Asia. The idea of an Indo-Pacific could be understood and recognised as an emerging economic, political and security connections between the Western Pacific and the IOR. At its simplest, this could be viewed as a set of geopolitical power relationships among nations where significant changes in one part of the system will go on to affect what happens in others. The term is widely used in conjunction with the emerging geopolitical challenges in the region. Particularly, many strategic experts view that the rise of China as a dominant economic and military power is the vital factor attributing to the term “Indo-Pacific.” The term also acts as a catalyst in bringing like-minded maritime nations like the US, Japan, India and Australia together to discuss possible cooperation against Chinese influence in the region. India and Japan are the only two major powers which share land and maritime boundaries with China, and they feel the necessity to have strong strategic and maritime cooperation. At the same time, both the sides are careful not to antagonise China, but continue to engage in talks related to challenges in the Indo-Pacific.

Maritime domain is one of the common features of India and Japan. Both nations are immensely dependent upon overseas resources and trade for economic development. In terms of security challenges, both countries’ national security is closely knitted with the maritime domain. However, the economic cooperation, the root of bilateral cooperation, has acquired new importance after they signed a joint declaration on AAGC in 2016. This was a great step forward in bilateral cooperation where the two countries have principally agreed to deepen the cooperation through joint development and joint cooperation. AAGC envisages a strong role for building connectivity between and within Asia and Africa. The development and infrastructure activity in the Asian region is likely to change the face of Indo-Japan strategic cooperation. Therefore, it is important to understand the emerging security scenario in the Indo-Pacific and its impact on bilateral cooperation. Maritime nations—India and Japan have a great role in preserving the security and safety of maritime domain in the Indo-Pacific.

Global Partnership: India-Japan Strategic Cooperation and AAGC

The term “Global Partnership” was conceived during the former Japanese Prime Minister Yoshiro Mori’s visit to India in 2000. During the India-Japan summit meeting, Prime Minister Mori expressed his desire to build a “multifaceted cooperative relationship with India” in a wide range of fields. He also termed the relationship based on mutual interest as a “Global Partnership between India and Japan in the 21st Century.” The then Indian Prime Minister Atal Bihari Vajpayee agreed to Mori’s suggestion and pointed out that India-Japan cooperation will not only remain as a bilateral relationship but also will play an important role in regional and international affairs. The emerging geopolitical events in the region as well as India emerging as a major economic powerhouse in Asia has attracted Japan more closer to India.

1 See, Japan-India Summit Meeting. https://www.mofa.go.jp/region/asia-paci/pmv0008/india_s.html.
Japan was optimistic about the future of the bilateral relation and favours stronger and deeper strategic ties with India. The economic and political cooperation is a testimony of its growing relationship. On economic front, the India-Japan CEPA has unlocked lots of potential for both countries. In 2017, the bilateral trade has increased to US$ 15,707.6 million. The Japanese investment in Q1 of 2018 stood around US$ 874 million becoming the third largest investor in India. Japanese private firms' investment into Indian private equity and venture capital alone touched US$ 1.43 billion in the first-half of the 2017. Apart from bigger firms, even less-known Japanese investors are coming forward to invest in Indian start-ups, which is a huge sign of growing economic relationship. According to Economic Times, in 2018 Japanese food export to India has increased from US$ 580 million in 2016 to US$ 833 million. Moreover, the diplomatic relationships are successful in institutionalised talk between the two government agencies. The Annual Prime Ministerial-Level Meeting, Annual Strategic Dialogue between foreign ministers, Annual Defence Ministerial meeting and Framework at the Subcabinet/Senior Official-level 2 plus 2 dialogues clearly resonate Prime Minister Mori’s idea of “Global Partnership.” The dialogue mechanism created working relation between India and Japan. Moreover, this also reflects Japan’s willingness to accept a crucial role in Asian security and ready to share responsibility on security related issues, especially on maritime domain.

In 2016, India and Japan have signed a key joint declaration expanding cooperation in the development of AAGC. The AAGC has three main purposes; first, sharing best practises of East Asia, South East and South Asia with Africa and make greater economic cooperation between the two regions. Second, create huge opportunity for Indian and Japanese companies to lead development initiative in Africa in sync with the development priority of the African nations. Third is strengthening the security institution and stabilising the region. JETRO 2017 survey shows that Japanese companies operating in India have a significant interest in the African market. JETRO hosted three Africa business seminars in India, arranged a Japanese business delegation to Ethiopia and networking activities with Indian businesses there. As Indian and Japanese business interest is growing in the African continent, the security of the SLOC is an important component that cannot be overlooked.

**Strategic Importance of the Indo-Pacific Region: Security of SLOC**

In terms of energy production and trading, the region extends lucrative options for industrial countries. Both energy production and consumption are high in the region due to the presence of the world’s great economies, viz., China, Japan and India. On the other hand, the region remains critical because West Asia is the world’s largest producer and loading area of crude oil. Nearly, 1.8 billion tonnes, equivalent to 45 per cent of the world crude oil production, is loaded on tankers and carried through fixed maritime routes in IOR. The British Petroleum Annual Report (2018) estimated that nearly one million tons of oil was transported through two tanker routes in the Indian Ocean.

The shipments of oil from the Persian Gulf have to pass through the Strait of Hormuz to the Strait of Malacca, which are considered to be two of the world’s largest chokepoints, to reach Japan. The 21 miles wide Hormuz Strait handles 35 per cent of all seaborne trade and 20 per cent of oil worldwide which travel through the SLOC.

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3 Ibid.


5 Ibid.
strait. Furthermore, Qatar and Kuwait export LNG through the Hormuz Strait which accounted for about 100 billion cubic feet per year in 2010. Malacca Strait, another critical chokepoint in Asia, is the shortest sea route between the Persian Gulf and Japan and an estimated 15.2 billion barrels of oil per day were transported through the straits of Malacca. Every year, 60,000 ships pass through the Strait of Malacca and Lombok Straits making them two of the busiest maritime highways in the globe. Japan, a major importer of oil and gas from West Asia, extensively depends upon the Lombok and Malacca Strait for safe and fast transportation of oil and gas. Most of the VLCCs from West Asia use manoeuvrable Malacca straits to reach Japan, fewer vessels such as ULCCs with deeper draft use Lombok Straits to reach Japan. In case Malacca Straits are closed, Japanese cargo ships re-routing via Lombok Strait would have subsequent impact on Japanese industry and economy. For India, the waterway is important to its overseas trade and commerce. Nearly 55 per cent of India’s trade passes through seas in the region. Moreover, India’s economic and political relationship with ASEAN countries, Japan and South Korea is tied-up with the region’s geopolitics. India and Japan essentially depend upon the waterway in the Indo-Pacific region. Any threat to the SLOC in the region will jeopardise the economic growth. The piracy in Straits of Malacca in late 1990s and Somalia piracy (2007–2012) have shown how it can really harm the global trade and shipping industry in overall.

More importantly, the maritime domain has become a widely debated topic in the region. There are several factors which have wide impact on the security of the region. First, booming economy in the region, particularly the economy of India, Indonesia, Vietnam and Thailand is contributing to the Asian growth story. Second, the maritime domain has gained attention in these countries as the SLOC has become a crucial factor to maintain safe and secure maritime trade in the region. Third, the focus of littorals to exploit the maritime resources for development has spurred the issue of delimitation of maritime boundaries in the region and increased the conflict between maritime nations. Fourth, as the globe is witnessing a power transition, the maritime common has become subject to great stress from two major powers — the US and China. The major power competition has left the region in disarray. Fifth, the challenge to a liberal world order has raised serious concerns over safety and security of maritime nations. Chinese assertive maritime policies like building military base on artificial islets, declaration of ADIZ over Senkaku Islands, new fishing rules in SCS, nuclear submarine patrolling key sea-lane in IOR and shadowing foreign naval vessels in the SCS are seen as an ulterior motive of China to control the regional water. The Senkaku Islands have been a major source of tension between Japan and China. The Chinese air and maritime intrusion into Senkaku Islands remains a concern for Japanese security. These Chinese disruptive actions have cast doubts on the future of freedom of navigation and the status of free market economy; experts believe this will seriously obstruct the movement of global trade. These five major challenges pose a serious threat to maritime security of the Indo-Pacific.

India has also expressed concern over Chinese push towards Indian Ocean to establish politico-economic relationship with Pakistan, Sri Lanka, Myanmar and Nepal, which seriously undermines India’s interest in the region. China’s ambitious BRI linking crucial sea-lanes and roadway in Eurasia will now allow China a direct access to the market and energy. Chinese development activity in Africa, naval base in Djibouti and military aid to some of these countries have really strengthened Beijing’s presence in the region. There is plausibility in the argument that China might use the port and other infrastructure in the region to meet its military objective in the region. As India and Japan are seeking to promote AAGC and connectivity in the region, the emerging challenges in the maritime domain require practical maritime cooperation between the two navies.

Role of India-Japan Maritime Cooperation in the Indo-Pacific

Taking into account the above challenges, India and Japan strategic and maritime cooperation has a vital
role to play in the security of the SLOC in the Indo-Pacific region. India-Japan maritime cooperation has taken a centre stage in bilateral relationship in the aftermath of the Alondra Rainbow incident in 1999. The beginning of joint maritime exercises between the two coast guards followed by strategic and maritime dialogue enhanced cooperation. The Annual Prime Ministerial summit has helped to deepen the strategic and maritime cooperation. Regular and institutionalised engagements including the annual Defence Minister dialogue, National Security Advisor dialogue, Vice Minister/Secretary level “2+2” dialogue, Defence Policy dialogue and staff talks are making progress to achieve the strategic objective of “Global Partnership”. During 2018 Annual Summit, both countries have agreed to start negotiations on ACSA which will provide the two armed forces to use each other’s military facilities. This logistic support will allow the navies to use each other’s naval base either at home or overseas, which will expand the operational range of the two navies.

In the past one year alone the navies have conducted seven joint exercises. The recent edition of Malabar exercise has taken place in June 2018 off Japanese coast. In October 2018, JMSDF and Indian Navy held a bilateral maritime exercise called JIMEX in the Bay of Bengal. The series of activity is not only to develop understanding on the regional issues but also to enhance skill sets of the two navies and train the naval forces to maintain the rule of law in the Indo-Pacific region. On the sideline of the G20 summit, head of three states India-US-Japan participated in a trilateral dialogue. Prime Minister Narendra Modi highlighted five action points — connectivity, sustainable development, maritime security, disaster relief and freedom of navigation — as the core areas of cooperation. There is a constant effort from the two countries to engage in a constructive role to expand maritime cooperation. The visit of two JMSDF's P3C Orion aircraft to INS Hansa, Goa in 2017, is one such incident where the two services exchanged views and shared their experience in operating P3C Orion aircraft. Japan has a long experience in operating the maritime reconnaissance aircraft both in the Pacific and Indian Ocean. Therefore, such regular exchange visits help the countries in understanding the regional maritime challenges. The navy-to-navy interaction also facilitated common understanding on regional issues; at the same time, the growing interaction between the Indian Army with the JGSDF clearly shows that the two countries emerged as genuine strategic partners in the Indo-Pacific.

As India and Japan have been discussing to expand through AAGC, the maritime component of the AAGC is worth a discussion between the two navies. The East African coast is prone to violence and there is lawlessness in the African coast too. Therefore, the Indian and Japanese navies should have a practical maritime cooperation to deter such acts of violence in the region. Moreover, India and Japan have even a greater responsibility in protecting the peace and prosperity of the Indo-Pacific.

Conclusion

The security of the SLOC in the Indo-Pacific region is vital for both India and Japan. As the two countries are vying for broader economic engagement and development activities in Asia, Africa and West Asia, they should also be aware of the emerging challenges in the littorals. In the context of growing economic and political interest between the two countries, navies shoulder more responsibility to support a “free open, prosperous and inclusive Indo-Pacific region.”

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Maritime Transformation in the Asia Pacific: India–Japan Security Cooperation

Commodore Somen Banerjee

Abstract

Rise of China has unsettled the contours of international system in the Asia-Pacific and put the rules-based order at risk. Retrenchment of the United States from the region has further accelerated the process and beckons for cooperation between regional powers like India and Japan to arrest these trends. The proposal to align Japan’s Free and Open Indo-Pacific strategy and India’s Act East Policy showed immense promise. Prime Ministers Narendra Modi and Shinzo Abe are leaders of global stature and can influence world politics. Under their stewardship, India-Japan relations had burgeoned to new levels. But developments in the late 2018 indicate that the trends of India-Japan security relationship have taken a sharp turn. This paper seeks to explore the nature of maritime transformation underway in the Asia-Pacific and its impact on the maritime order. In this backdrop, the paper examines the trajectory of India-Japan security relation under the watch of the two Prime Ministers between 2015 and 2018.

Introduction

Along the irregular western margins of the Pacific there lie over a dozen seas and tributaries. But the East China Sea and SCS principally represent the shape of transforming international order in the Asia-Pacific. North Korea’s ballistic missile tests, China’s assertiveness and President Donald Trump’s ‘America First’ policies have encouraged Japan to review its security policy.1 Prime Minister Shinzo Abe has articulated Japan’s security policy through the NSS and NDPG in 2013 and established the National Security Council.2 The NSS, states that Japan perceives India as “geopolitically important” and wishes to “strengthen bilateral relations in maritime security”. Further, the NSS had envisaged collaboration with India in a trilateral framework of Japan-US-India.3 The two Prime Ministers Narendra Modi and Shinzo Abe have met 25 times between the ninth Summit meeting in September 2014 and the 13th Summit meeting in 2018.4 In this backdrop, this paper explores the dynamics of maritime transformation in the Asia Pacific and the India-Japan security cooperation in three parts. The first part illustrates the contours of disputes in the Asia-Pacific; the second part postulates the silhouette of the emerging maritime order; and the third part explores the evolution of India-Japan security partnership under the stewardship of the two Prime Ministers between 2014 and 2018.

Contours of Maritime Dispute in Asia-Pacific

Disputes in the Asia-Pacific can be classified into three broad categories — that of jurisdiction, territorial sovereignty and resources.

Jurisdictional dispute — UNCLOS provides complete sovereignty to the coastal states only up to 12 nautical miles. It tends to balance the sovereign jurisdiction of the coastal states with that of other nation’s rights to freedom of navigation and over flight, as the distance from the coastline increases. But, China continues to regulate foreign aircraft and warships within its EEZ. This has led to close quarter situation on several occasion and a mid-air collision. A case in point is the close quarter situation between USN Decatur and Chinese destroyer on September 30, 2018. These incidents have taken place despite both the countries being signatories to the Rules of Behaviour for Safety of Air and Maritime Encounter and Code of Unplanned Encounter at Sea.

Territorial dispute — the number of scrambles by the Japan’s Air SDF against air space violations has lately exceeded the Cold War. In 2016 Japan had to undertake 1168 scrambles, which amount to three sorties per day. With less than 300 fighters in its inventory, against more than 1700 of China, Japan’s Air SDF can be overwhelmed in a combat. In addition, the possibility of grey zone conflict by swarm landing of over 300 fishing boats on Senkaku Islands makes the security situation even more precarious. Due to intensifying rivalry between China and Japan, any incident near the Senkaku can rapidly escalate into a conflict. In the SCS, China has occupied seven islands in the Spratly and 20 outposts in the Paracels. It has expanded its presence in the Paracel significantly and created 3,200 acres of new landmass in the Spratly. It seized the Scarborough Shoal from the Philippines in 2012 and maintains constant Coast Guard presence. With the current occupations, China is capable of exercising sea-control over almost 80 per cent of the SCS during a conflict, if unopposed by the US Navy. Since it lost the Permanent Court of Arbitration judgment to the Philippines, China has not pursued building of island on the Scarborough reef. Instead, it is contemplating to develop the Pratas Islands. Once Pratas is developed, the security architecture of SCS will alter permanently.

Resources — China claims the entire water enclosed by nine dashed lines, which encroaches into the EEZ of the littorals of the SCS. The US aircraft carrier Carl Vinson had made a port visit to Danang, Vietnam in March 2018 after over 40 years. Such show of solidarity by the US generates political space for ASEAN nations to voice their claims in the SCS. However, China remained undeterred by US power projection and halted Vietnam’s oil drilling project in the ‘Red Emperor’ block off its South Eastern Coast. These, unilateral


assertions by China against the international norms are ominous signs for the future of the maritime order in the Asia-Pacific.

**Silhouette of the New Maritime Order**

Analyses of the aforesaid disputes reveal that China likes to use its greater military and economic leverage for the resolution of disputes through ad-hoc bilateral settlements. Rules-based multinational agreements like the UNCLOS or a Code of Conduct restrict China’s unilateral behaviour and are not preferred. The US retrenchment from the Asia-Pacific is becoming a distinct possibility due to its overstretched global commitments. Under these circumstances, if China’s rise becomes imminent, the new order can be hypothesised to have three characteristics.

*First, extension of Chinese internal lines* — China is gradually extending its internal lines both at sea and land through its BRI project and maritime coercion. Internal lines are the lines of communication that offer direct access to a country’s territory without significant opposition during a conflict. So by developing internal lines into its neighbourhood through infrastructure projects both at sea and on land, China has managed to not only envelope the Mackinder’s heartland, but also the Spykman’s rim-land and Mahan’s maritime outposts in the Asia-Pacific. It will soon be in a position to create buffer zones and bastions far from the mainland.

*Second, Chinese Hegemony* — The People’s Liberation Army’s ability of achieving sea-control within the first island chain will challenge US’ access to the region and FONOPS. This could impose a Monroe’s doctrine of sorts within the first and the second island chain. It is also possible to arrive at such an imposition through compromise between China and the US.

*Third, new norms for international system* — China has challenged the norms of territorial sovereignty, maritime jurisdiction and resource management in the Asia-Pacific. Once the US power recedes from the Asia-Pacific, China will be able to rewrite the international norms in the region. These will not be restricted to geography alone, but can spill over to the economic, social and the political domains.

China offers strategic dependence and not strategic partnership, which would be unacceptable to civilisational powers like India or Japan. Individually, China’s power would be insurmountable to stem. Hence, India and Japan will have to coordinate their efforts if their visions and strategies have to cohere.

**Trajectory of India-Japan Security Cooperation**

Dara Shikuh (1615–1659) was the eldest son and prospective heir to the throne of Emperor Shah Jahan. His most famous work *Majma-ul-Bahrain* (the Confluence of two Seas) is about discovering the affinities between the two cultures of Islam and Vedas. On August 22, 2007, in a speech before the Indian Parliament, Prime Minister Shinzo Abe used Dara Shikuh’s phrase “confluence of the two seas” to introduce the concept of Indo-Pacific. By doing so, he not only stitched the two oceans into a single strategic continuum, but also revived the old linkages between the two old civilisational cultures. But his tint in Prime Minister’s office was brief and the Indo-Pacific concept had to wait till his next term. Prime Minister Abe came back to power in 2012 and immediately after started to rewrite Japan’s security policy. Indian Prime Minister Narendra Modi assumed office in 2014. The two prime ministers have met 25 times between the ninth summit meeting in


September 2014 and the 13th Summit meeting in 2018. In order to evaluate the trajectory of India-Japan security relations between 2014 and 2018, the summit statements of this period have to be analysed.

**India–Japan Vision Joint Statement 2025**
— The 13th Summit meeting in December 2015 was labelled as vision 2025. During the Summit, Prime Minister Shinzo Abe obtained Prime Minister Narendra Modi’s endorsement for Japan’s policies on “Proactive Contribution to Peace” and “Legislation for Peace and Security”. It was also agreed that the partnership should achieve broad convergence in political, economic and strategic goals. The year 2025 was a tacit understanding on a time-bound plan for developing the partnership.

**India–Japan Annual Summit 2016**
— During the November 2016 Summit meeting, India-Japan partnership was further deepened. In addition to the convergence in political, economic and strategic interests, the potential for finding “synergy between India’s Act East Policy and Japan’s FOIP strategy” was recognised. It was stressed that both India and Japan have a “role in the stability and prosperity of Indo-Pacific”.

**India–Japan Summit Statement 2017**
— The 2017 Summit meeting was held in India under the theme of Free, Open and Prosperous Indo Pacific. In addition to deepening convergence, an emerging consensus on peace, security and developments was stated. Interestingly, a decision was taken to advance the strategic objectives. This time the word ‘role’ of the last Summit was upgraded to ‘central role’. It read “India and Japan will play a central role in safeguarding and strengthening rule based order”. A pledge was made to “align Japan’s FOIP strategy with India’s Act East”. The synergy of 2016 had grown into an alignment in 2017. So, in 2017 there was an internalisation of each other’s concerns by the use of words such as convergence, consensus, central role, alignment and pledge. These were indeed strong commitments by India towards a de-facto balancing alliance with Japan. When big powers seek such deep strategic convergence, it creates leverage for rest of the world. Hence, the burgeoning India-Japan security relationship raised the hopes of a formidable containment strategy against China.

**India–Japan Summit 2018**
— the October 2018 Summit was named as Vision Statement. Initiatives like the Acquisition and Cross Servicing Agreement and Implementing Agreements between the navies were conceived. However, when compared with the 2015, 2016 and 2017 Summit statements, one finds that there were roll back on some of the previous commitments during the 2018 Summit. Labelling the 2018 Summit as Vision Statement was actually a paradox, as India and Japan had already outlined their vision during the 2015 Summit. The FOIP strategy had been changed to FOIP vision. The 2018 Summit statement made no mention of synergy or alignment between Act East and FOIP. The central role of safeguarding rules-based order was toned down. There was silence on consensus and convergence. In other words, in relative terms, 2018 was a climb down from the 2015, 2016 and 2017 security partnership. This can be vindicated by the NDPG for FY 2019, released on December 2018.

From examination of the India-Japan Summit statements mentioned above, it can be found that the security relations between India and Japan were on the upswing between 2015 and 2017. But, this took an abrupt U-turn in 2018. One reason could be the Abe-Xi meet held on October 26, 2018, two days prior to Modi-Abe Summit meeting. However, no outright commitment for de-escalation can be found in the Xi-Abe joint statement.23 The other major event in 2018 was the keynote address by Prime Minister Narendra Modi at the Shangri-la Dialogue in June 2018. Two triggers can be found in the address. The first was about Indo-Pacific and the QUAD. It stated that “India does not see Indo-Pacific as a strategy or a club of limited members”. This can construed as negation of Japan’s FOIP Strategy and the QUAD concept. The second trigger was about sensitivity. It was stated that “Asia and the world will have a better future when India and China work together in trust and confidence, sensitive to each other’s interest”. If India is sensitive to China, then Japan and the US ought to be worried. Since the keynote address was being watched by the entire world, it had to be a balanced speech. Nevertheless, it can be found that the burgeoning India-Japan security relations had been reversed since 2018.

Conflicts precipitate when big powers refuse to lead and look inwards to satiate their nationalist agendas. Joseph Nye explains that the reason for WWI was Thucydides Trap and that of WWII was the Kindleberger Trap.24 The unwillingness of the US in the 1930s to deliver on global public goods led to the Second World War. Similarly, the inability of Japan and India to provide leadership could lead to a conflict in the Asia-Pacific.

Conclusion

India-Japan security relations were on a positive trajectory between 2015 and 2017 under the stewardship of Prime Ministers Shinzo Abe and Narendre Modi. The trend took a U-turn in 2018. China’s assertions and the US retrenchment are ominous signs for maritime order in the Asia-Pacific. Hence, there is a need for India and Japan to revive the security partnership and act in concert. A concert of power will be impractical in the 21st century. Instead, Bjorn Hettney’s suggestion of a post-Westphalian model based on horizontal world order of intra-regional network would be more suitable.25 In conclusion, if we want a Japanese, an Indian and a Chinese movie, all to run simultaneously in a multiplex world26 of Amitav Acharya, then it will not happen on its own. It has to be created by the dint of India and Japan’s economic and military might.

Japan-India Cooperation in the Infrastructure Sector in Northeast India — Parsing the Costs and Benefits

Rupakjyoti Borah

Introduction

In the last couple of years, Japan has been investing in India’s Northeastern region in a big way. Apart from the connectivity factor, Northeast India is key for both Japan’s “Free and Open Indo-Pacific Strategy” and India’s “Act-East Policy”. In addition, given Northeast India’s physical proximity to the ASEAN countries (a region where Japan has a huge economic stake), its importance in India’s bilateral ties with Japan is only set to grow in the near future.

This paper analyses the growing cooperation between Japan and India in the infrastructure sector in Northeast India. Tokyo has provided ODA loans for many infrastructure development projects in the region like the North East Road Network Connectivity Improvement Project (which includes the National Highway 51 in Meghalaya and the NH54 in Mizoram), among others. It is also worth noting here that Tokyo has launched the “Partnership for Quality Infrastructure Initiative”, which aims at developing high-quality infrastructure. The JICA will be financing the construction of India’s longest bridge between Dhubri in Assam and Phulbari in Meghalaya. In addition, Tokyo and New Delhi have also set up the India-Japan “Act East Forum” to coordinate their efforts in Northeast India.

In addition, this paper will also look at the challenges to Japan’s infrastructure-building efforts in the region, especially given the terrain of the region and other factors. Finally, it will suggest a road map for Japan’s infrastructure-building efforts in Northeast India.

India’s Growing Investment in the Infrastructure Sector in Northeast India

New Delhi has gone in for a massive infrastructure building-drive in its Northeastern region. The inauguration of the 4.94 km-long Bogibeel Bridge in Upper Assam by Prime Minister Narendra Modi on December 25, 2018 is just a case in point. This bridge will go a long way in ameliorating the infrastructure bottlenecks in Upper Assam and the eastern part of the neighbouring state of Arunachal Pradesh. The bridge is India’s longest rail-road bridge and is situated very close to the India-China border in Arunachal Pradesh, which China has claims on. For long, the Northeastern part of India has lagged behind other parts of the country in most economic development indicators. This was due to many factors, one of which was the fact that the Northeast suddenly became landlocked in 1947, with the formation of East Pakistan, which later on became Bangladesh.

Fortunately, things seem to be changing now. In May 2017, India’s longest bridge, the 9.15 km Bhupen Hazarika Setu (Bridge) over the Lohit river in Assam was inaugurated by Prime Minister Narendra Modi. A series of other infrastructure projects have also been launched, including efforts to turn the Guwahati airport in Assam into an aviation hub. The state government of Assam has indicated that it would be providing subsidy for foreign carriers to fly into Guwahati under the UDAN scheme and the Central Government has already sanctioned money for the expansion of the Guwahati airport. The Bhutanese Airline Druk Air is already flying directly between Guwahati and Singapore. Meanwhile, Japan has evinced a keen interest in the region.
Factors behind New Delhi’s Infrastructure Building Drive in Northeast India

First, one of the main reasons for this is New Delhi’s “Act-East Policy”, through which India is reaching out to the ASEAN region and beyond. Northeast India is the bridge between India and ASEAN, given the fact that some of the Northeastern states share an almost 1600 km long border with Myanmar.

Second, the biggest challenge for India would be how to deal with Beijing and its growing assertiveness. New Delhi has a disputed border with Beijing and relations with Beijing had cooled down in the aftermath of the standoff between the two sides following China’s road construction activities in the Doklam region of Bhutan in 2017. Although relations between the two sides have improved since then, there are still many issues which bedevil the ties between the two, especially New Delhi’s refusal to join the Beijing-led BRI. An Indian Ministry of External Affairs statement on the BRI notes that “we are of firm belief that connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency and equality, and must be pursued in a manner that respects sovereignty and territorial integrity.”

Third, the ruling BJP and its regional allies have been able to make inroads into the Northeast given their infrastructure development plank, and the fact remains that the region has not seen much development in the period after India’s independence way back in 1947.

Fourth, from a security perspective, Northeast India is very critical for New Delhi, since it shares borders with Nepal, China, Myanmar and Bangladesh. As the Doklam crisis in 2017 showed clearly, it would be foolish to underestimate the threat from China, especially now, given the fact that India has not joined the BRI, which has already ruffled quite a few feathers in Beijing.

Fifth, the extended neighbourhood in South Asia demands New Delhi’s attention as China has been rapidly making inroads into what New Delhi has traditionally seen as its own backyard. Though things have finally turned out in India’s favour in countries like Maldives and Sri Lanka, New Delhi faces huge challenges in these countries as a cash-rich Beijing increases its clout in the region, especially in the light of its BRI. A good news for India in the neighbourhood is the recent re-election of Prime Minister Sheikh Hasina in Bangladesh in the general elections held in the country on December 30 last year.

However, things are slowly picking up pace. Last year, the Assam government organised the first Global Investors Summit in Guwahati. It is also building a 65-storey Twin Towers in Guwahati. In the immediate neighbourhood of Northeast India, things seem to be working out with regards to countries like Bangladesh and Myanmar. The re-election of Sheikh Hasina in Bangladesh has made New Delhi’s task easier. In Myanmar, things are proceeding much faster than earlier with a civilian government at the helm. India, Myanmar and Thailand are engaged in the building of the India-Myanmar-Thailand trilateral highway, while New Delhi is engaged in a series of infrastructure development projects in Myanmar. In addition, in a very encouraging step, last year, the Heads of State of all the ASEAN nations attended India’s Republic Day celebrations in New Delhi.

The Northeastern states of India are also breathtakingly beautiful. Mawlynnong village in Meghalaya has been listed as the cleanest village in Asia by BBC Travel, among others. Tourism can be a big draw in the region, especially given the Buddhist heritage in some parts of Northeast India. Besides, tribes like the Nagas are found across both sides of the border, in India as well as in Myanmar. Meanwhile, two land border crossings were opened last year between India and Myanmar (in the Northeastern states of Manipur and Mizoram).

Why is Japan a Critical Partner in the Same?

For Japan too, it gels well with its “Free and Open Indo-Pacific Strategy”. In addition, Japan has also not joined the BRI.

The fact that it took 16 years for the Bogibeel bridge to get completed, since the construction work was inaugurated by the former Indian Prime Minister Atal Bihari Vajpayee, way back in 2002, underlines the need for international assistance to New Delhi in such infrastructure building efforts. The foundation stone of this bridge was laid even earlier in 1997 by the then Prime Minister H D Deve Gowda.

The terrain in this part of India is difficult too with tall mountains and wide rivers cutting through the region. In addition, the region gets a high degree of rainfall. Mawsynram in the Northeastern state of Meghalaya is the rainiest place in the world.

Japan has a long involvement in this region dating back to World War II. It was at Moirang in Manipur in Northeast India on 14 April 1944 that the Indian flag was unfurled for the first time on Indian soil by soldiers from the Indian National Army, supported by the Japanese. However, they were later defeated by the Allied Forces in the Battles of Imphal and Kohima, which became one of the turning points of the Second World War as the Japanese soldiers retreated after this setback.

Much time has passed since then. New Delhi has, once again, come close to Tokyo, especially in the aftermath of the end of the Cold War. One of the important aspects of New Delhi’s growing ties with Tokyo has been the burgeoning cooperation between Japan and Northeast India. In June last year, it was reported that the contract for the almost 20-kilometre Dhubri-Phulbari bridge in Northeast India would be finalised. When completed, it will become India’s longest bridge, surpassing the Bhupen Hazarika Setu in Assam, which is 9.15 kilometres long. Funded by the JICA, the proposed Dhubri-Phulbari bridge is emblematic of the growing involvement of Japan in India’s Northeast.

During the visit of Japanese Prime Minister Shinzo Abe to India in September 2017, the two countries “welcomed the India-Japan cooperation on development of India’s North Eastern Region as a concrete symbol of developing synergies between India’s “Act-East Policy” and Japan’s Free and Open Indo Pacific Strategy.”

Under Prime Minister Shinzo Abe, Japan has embarked on the ‘Free and Open Indo-Pacific’ strategy which aims at “promoting connectivity between Asia, the Middle East and Africa.” It actually builds on Abe’s landmark speech before the Indian Parliament in August 2007 (during his earlier term in office) titled “Confluence of the Two Seas” where he noted that “the Pacific and the Indian Oceans are now bringing about a dynamic coupling as seas of freedom and of prosperity.”

In addition, in the light of China’s BRI [formerly called the One Belt One Road], Japan is trying, in its own way, to increase its presence in the infrastructure sector in Asia and across the world with initiatives like the “Partnership for Quality Infrastructure”.

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Tokyo has already been closely involved economically in the ASEAN-member countries like Myanmar, a country which also serves as India’s land-bridge to the ASEAN region. Given the Northeast’s physical proximity to ASEAN, it has naturally evoked interest in Japan since it already has close ties with ASEAN. Japan is ASEAN’s third largest trading partner.

While Japan has already been involved in various big-ticket infrastructure projects in the rest of India, this somehow was not the case in the Northeastern region of India, until recently because of reticence on the part of both India and Japan. However, this seems to be changing now. It also symbolises the growing trust levels between India and Japan as New Delhi has been wary of allowing external parties to invest in India’s Northeast, due to its strategic location.

**Japanese Projects in Northeast India**

Tokyo has contributed to many infrastructure development projects in Northeast India.

First, it has provided ODA loans for the North East Road Network Connectivity Improvement Project (which includes the National Highway 51 in Meghalaya and the NH54 in Mizoram) and will extend a loan to the tune of ₹2,239 crore. This will support the expansion and upgradation of the Shillong-Dawki strip in Meghalaya and the construction of a new bridge in Dawki (on the border with Bangladesh), replacing the existing 90-year old bridge.

Second, Japanese organisations, such as the Nippon Foundation, have provided financial support for the construction of the Imphal War Museum in Manipur in memory of the nearly 70,000 Japanese soldiers who are believed to have died in the Battles of Imphal and Kohima during the Second World War.

Third, the Japanese government’s IRIS programme saw the visit of 23 young talents from the Northeastern part of India to Japan in October 2017. Announced by Japanese Ambassador to India, Kenji Hiramatsu, at the commemoration of the 73rd anniversary of Battle of Imphal in May 2017, the programme aims to enhance friendship between Japan and the Northeast region of India.

Fourth, following up on the memorandum of cooperation, signed during the visit of Abe to India, to establish the India-Japan Act East Forum, India’s Ministry of External Affairs and the Embassy of Japan in India held the first joint meeting of the Forum in December 2017. This meeting was co-chaired by the former Indian Foreign Secretary S Jaishankar and Japan’s Ambassador to India, Mr Hiramatsu.

The meeting also included representatives from India’s Ministry of Development of North Eastern Region, the Department of Economic Affairs in the Ministry of Finance, the Ministry of Road Transport and Highways, the Ministry of Home Affairs and the Northeastern states. From the Japanese side, there was representation from JICA, the Japan External Trade Organization, the Japan Foundation and the Japan National Tourism Organization.

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Fifth, Japan is also involved in a host of other projects in Northeast India in sectors such as water supply, sewerage, forest management, agriculture, youth exchange and biodiversity, among others.

Japan has also contributed in the field of hydro-electricity, which is one of the strengths in Northeast India. These include projects such as the Umiam Stage II Hydropower Station Renovation and Modernisation Project in Meghalaya.

Sixth, in May last year, Ambassador Hiramatsu led a delegation of 38 Japanese companies to Imphal in a bid to encourage investments in the Northeast. The Northeastern states are now trying their best to kick start the industrialisation process in this part of the country. In February last year, Assam organised a Global Investors Summit for the first time. Participating in this event, Ambassador Hiramatsu remarked that, “Japan wants to expand the special ties with the Northeast and Assam. The key sectors which could witness further tie-ups in the future include manufacturing, smart city models and exchanges in educational, cultural and sports arenas.”

Seventh, Tokyo is also hoping to receive more interns from the Northeast under the rubric of the Technical Intern Training Programme in Japan, in areas like elderly care, which is a major concern for Japan, especially given its ageing population. Tokyo is also conducting capacity development programmes for forest management and income diversification in the Northeastern part of India.

Finally, Japan and India are also working towards holding joint counter-terrorism exercises at the Counter-Insurgency Jungle Warfare School in Mizoram. In addition, Tokyo and New Delhi are also looking at cooperation in the field of sports, especially with Tokyo hosting the Olympic and Paralympic Games in 2020. Sports persons from the Northeast have excelled both on the national and the international stage and Japan is mulling about cooperation with Manipur National Sports University.

Challenges

However, there may be quite a few challenges for both Tokyo and New Delhi as they join forces to give a leg-up to infrastructure development in India’s Northeastern region.

First, Northeast India requires a huge and sustained infusion of capital in the infrastructure sector. There are also differences in the quality of infrastructure in different Northeastern states and they need to be standardised, for example, Assam has much better infrastructure than the other Northeastern states.

Second, there could be issues in coordination between the different state governments, the Central Government in India and the Japanese government since different political dispensations are in power in the Northeastern states and, at times, they differ in their viewpoints from that of the Central Government.

Third, there is the China factor when it comes to cooperation in states like Arunachal Pradesh. The Chinese foreign ministry, in response to Japan-India collaboration in the Northeast, noted that, “you must be very clear that boundary of the India-China border area has not been totally delimited and we have disputes in the eastern section of the boundary.” It remains to be seen how far New Delhi and Tokyo would be willing to

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push China on this issue especially because both of them need to manage their relations with Beijing.

**Conclusion**

Tokyo has already been providing ODA to India since 1958 and it is New Delhi’s biggest bilateral donor. It has also been involved in many other flagship infrastructure development projects in India, such as the upcoming Mumbai-Ahmedabad bullet train project, the Delhi-Mumbai Industrial Corridor, the Chennai-Bangalore Industrial Corridor, the Delhi Metro and some others. It was during Indian Prime Minister Narendra Modi’s visit to Japan in September 2014 that Tokyo pledged to invest ¥3.5 trillion in public and private investments in India in the next five years. In addition, Japanese foreign direct investment to India has also been increasing.

The Modi government has already been laying stress on speeding up development initiatives in Northeast India. While laying the foundation stone of the Indian Council of Agriculture Research’s third Indian Agriculture Research Institute at Gogamukh in Assam, Prime Minister Narendra Modi noted that, “Northeast was known as NE, but from now on it will be known as new economy, new energy, new empowerment – in a way it will become a new engine for India’s growth.”

Japan’s financial help will give a much-needed boost to India’s “Act-East Policy” and speed up New Delhi’s engagement, not only with Japan, but also with the ASEAN region and could very well be a game-changer as far as infrastructure development in Northeast India is concerned. New Delhi is already working on the India-Myanmar-Thailand trilateral highway, which will connect Moreh in Northeastern India all the way to Mae Sot in Thailand. In the future, there are plans to connect it all the way to Vietnam. New Delhi is also working on other initiatives like the Bangladesh, Bhutan, India, Nepal initiative Motor Vehicles Act which aims to ensure the free movement of cargo and passengers between these four countries, though it was rejected by the Upper House of the Bhutanese Parliament, since it is worried about the sudden influx of vehicles and people from these countries.

Japan’s growing involvement in Northeast India will be yet another shot-in-the-arm for what Prime Minister Shinzo Abe has described as the relationship with the “greatest potential of any bilateral relationship in the world” and is likely to raise the stakes as far as infrastructure development in Northeast India is concerned.

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