

India and Japan: An Era of New Partnership

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The visit of Japanese Prime Minister Yukio Hatoyama to India in December 2009 provided an impetus to the budding strategic ties between India and Japan. This visit is highly significant, as this is the first time after India's peaceful nuclear test in 1974 that a confluence of interests on nuclear issue has been emerged between the two nations.

Besides converging on the nuclear issue, the two Prime Ministers also signed an "Action Plan to Advance Security Cooperation based on the Joint Declaration on Security Cooperation between Japan and India" that would elevate the security cooperation to a higher level. The visit was also significant in the context of the changing power profile and security landscape in Asia since China is emerging as a regional hegemon both in economic as well as in military terms.

Hatoyama's visit to India was aimed at providing political affirmation to the Indo-Japan strategic partnership, which blossomed during the Koizumi regime. In this context it is important to highlight the fact that Indo-Japanese relations will be central to any Asian security architecture and the two countries would need to configure their relations to optimize the benefits. Ever since Hatoyama assumed office in September 2009, he has been trying to enhance Japan's profile in Asia and for this purpose he envisaged the establishment of an East Asian Community on the lines of the European Union. India is expected to be a natural partner to Japan in the proposed Community.

The Action Plan outlines concrete steps on security cooperation, including the establishment of a sub-cabinet/senior official 2+2 dialogue. It is an outgrowth of the Joint Declaration on Security Cooperation signed in October 2008 during Prime Minister Singh's visit to Japan and has several objectives. It plans to enhance information exchange and policy coordination on security issues in the Asia-Pacific region; promote open, transparent and inclusive regional cooperation in Asia and strengthen multilateral mechanisms in Asia such as East Asia Summit, ASEAN Regional Forum (ARF) and the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), among others.

It also envisages an annual strategic dialogue at the Foreign and Defence Ministers level and regular consultations between the National Security Advisor (NSA) of Indian and his Japanese counterpart; regular reciprocal visits between service chiefs of both sides; periodic Staff talks between the respective ground forces and navies; and an annual bilateral naval exercises to enhance cooperation and "core ability" for maritime operation and disaster relief.

The joint statement, issued at the end of the visit, while affirming the value of this partnership, expressed satisfaction over the current strategic partnership and called for an early conclusion of the Economic Partnership Agreement (EPA)/Comprehensive Economic Partnership Agreement (CEPA). Similarly, the two sides sought to stabilise the economic partnership particularly in the investment sector, of which the Delhi-Mumbai Industrial Corridor (DMIC) is a noteworthy project.

Arguably, the most important aspect of the visit is an emerging consensus on the nuclear issue particularly in the case of the Comprehensive Test Ban Treaty (CTBT) and Fissile Material Cut-off Treaty (FMCT). During the summit, Hatoyama stressed the need for India to sign the CTBT at an early stage. Prime Minister Dr Manmohan Singh responded by saying that should the US and China sign the CTBT a new situation would in fact emerge that would then induce non-signatory nations to consider working globally towards the early entry into force of the Treaty.

Dr Singh also reiterated India's commitment to a unilateral and voluntary moratorium on nuclear explosive testing. In the previous decades, India's absolute rejection of the Nuclear Non-Proliferation Treaty (NPT) had become a stumbling-block in the relationship between the two countries. The two prime ministers supported an early conclusion of the Fissile Material Cut-off Treaty (FMCT) and sought to strengthen international cooperation with a view to addressing the challenges of nuclear terrorism and clandestine proliferation.

Given the understanding and the similarity of opinion on the CTBT, both countries can now be expected to work together for strengthening the global non-proliferation regime and building a momentum in favour of nuclear disarmament. In a way, this will also help in arriving at a civilian nuclear agreement between the two nations which India has been pursuing since the Nuclear Supplier Groups' waiver of late 2008 (that allows India to acquire advanced civilian nuclear technology and in which Japan is a pioneer). Earlier Japan had said that a civilian nuclear cooperation with India was not on the cards because of India being a non-signatory towards global nuclear non-proliferation efforts.

In recent times, India and Japan have taken their strategic interaction to a greater level. A notable feature of their strategic relationship is the annual high-level defence meetings. In November 2009, Indian Defence Minister A K. Antony visited Tokyo to step up defence cooperation. Importantly, China's rising profile as an economic giant and a growing military power is a matter of great concern for both India and Japan. Japan sees China as a long-term threat and is pursuing a "hedging" strategy in its approach to China. While the new government under Hatoyama seeks greater political reconciliation with China, he is also keen to achieve a regional balance through greater defence ties with friendly countries like Australia and India (other than the US).

Nevertheless, to make their ties more robust and conclusive, both countries need to implement a high-technology trade regime and for that Hatoyama sought India's assurance that its high-tech imports would not be diverted for weapons programme or to third countries. Japan had imposed a ban in 1968 on its exports of arms and related technologies to communist states, countries to which the United Nations prohibits such exports and parties to international conflicts. This ban was further tightened in 1976 with a blanket moratorium on weapons exports. The solitary exception to this ban was made in 1983 in order to join the US' Star Wars program.

After a decade of stagnation, trade relations between India and Japan have improved significantly. In 2008, bilateral trade was over \$13 billion compared to \$ 5 billion in 2003. Trade is expected to reach \$ 20 billion by the end of 2010. Importantly, India has surpassed China as the largest recipient of Japanese investment thanks to two big deals - the Tata-Docomo tie up and the Daiichi Sankyo deal with Ranbaxy. The number of Japanese companies investing in India has more than doubled in the past three years from 267 in 2006 to 627 in 2009. A further spurt in Japanese investment in India is expected once the Delhi-Mumbai Industrial Corridor (DMIC) project materialises.

The DMIC will constitute a major investment effort and is expected to play an important role in promoting investment by Japanese companies. It could lay the foundation for a bigger role for Japan in India's development. This is a significant change, given Japan's initial lukewarm response to India's economic liberalisation in the early 1990s and its pre-occupation with China. Today, China has marginalised Japan in ASEAN. China, and not Japan, is the largest economic partner of the ASEAN, which had been a major destination for trade and investment by Japan for almost three decades. In this situation, the current Indo-Japan economic partnership ought to be seen as Japan's increasing involvement in Asia and that Tokyo considers India as a key partner of Japan's re-emergence in the post-recession period. Once India is elevated to the status of a key economic partner, robust defence and strategic cooperation will likely follow suit.

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