

# Japan, India Move To Build Strategic Ties

by Ramtanu Maitra

The April 28-30 visit to India by Japanese Prime Minister Junichiro Koizumi is expected to herald a new phase in India-Japan relations. Included among the eight agreements signed, is a dedicated, 5,790 mile freight corridor, along the Golden Quadrilateral (Delhi-Kolkata-Chennai-Mumbai) railroad project, connecting India's four largest cities.

Of great significance is the keenness on both sides to agree on a strategic tie-up. Reportedly, Japan proposed that the two countries form a joint maritime force to patrol the sea lanes of communication in the Indian Ocean region. This proposal was made after India said it was ready for deeper cooperation with the Japanese self-defense forces and Coast Guard, and that the Indian Navy could facilitate Japanese ships in the Indian Ocean region. Since the sea lanes are proximate to the Indian waters, the Indian Navy's presence and cooperation is essential. New Delhi reported that the two countries have decided to enhance military-to-military cooperation, and that high-ranking officials from both sides will meet to further the process.

## Closer Cooperation

According to New Delhi, the Koizumi visit will facilitate India's membership in Asia-Pacific Economic Cooperation (APEC) forum as an emerging Asian power, and India will be invited to join the Japan-led East Asia Community Forum. Japan is eager to bring in India as an APEC member, in recognition of the fact that Asia cannot ignore India, with its population of 1 billion, and vast economic potential. Besides, being in Asia, India meets the basic geographical condition of APEC membership, Tokyo pointed out.

The timing of the visit is also of great importance, as it follows those of U.S. Secretary of State Condoleezza Rice in March, and Chinese Premier Wen Jiabao in April, during which they, too, discussed forging strategic partnerships with India. It also comes amidst a serious rift between Beijing and Tokyo, following the Japanese government's approval of a history textbook that whitewashes the country's wartime atrocities. Violent anti-Japanese protests were subsequently held in numerous Chinese cities.

A few days prior to his arrival in New Delhi, Koizumi met with the Chinese President Hu Jintao at Jakarta. Both leaders were there to attend the Asia-African Summit held in commemoration of 50th anniversary of 1955 Bandung Conference.

In Jakarta, addressing more than 100 Asian-African leaders on April 22, including Chinese President Hu Jintao, Koizumi apologized to the Asian nations for Japan's aggression in Asia during World War II. "In the past, Japan, through its colonial rule and aggression, caused tremendous damage and suffering to the people of many countries, particularly to those of Asian nations. Japan squarely faces these facts of history in a spirit of humility," he said, echoing previous apologies by Japanese leaders. It seems the Hu-Koizumi meeting was an important effort in easing tensions between these two powerful Asian nations.

A similar signal was issued from Beijing as well. On April 28, the day the Japanese Prime Minister arrived in Delhi, Chinese Foreign Ministry spokesman Qin Gang told reporters in Beijing: "We hope that the bilateral ties between Japan and India could contribute to peace and stability as well as prosperity and development of the region."

Diplomatic relations between India and Japan are related to trade relations, which also stagnated following India's testing of nuclear devices for the second time in 1998. During Koizumi's visit, he acknowledged that certain curbs imposed against India after the nuclear test, acted as impediments in development of bilateral relations in the science and technology field.

"Certain measures, including curbs on visits by certain Indian individuals, had been imposed after the 1998 nuclear test. We realized that such curbs were acting as impediments to development of relations in the science and technology field. We are trying to find a solution," a senior Japanese official accompanying Koizumi told reporters in New Delhi.

### Freight Rail Track

At the end of Prime Minister Koizumi's visit, a joint declaration, called the "eight-fold initiative," was also signed by the two Prime Ministers. The freight railroad project has been identified as the jewel in the "eight-fold" crown, and is envisaged as a dedicated, multi-modal, high-axle-load freight corridor with a computerized train-control system on the Mumbai-Delhi and Delhi-Kolkata routes.

Despite freight revenues contributing a substantial chunk of profits for Indian Railways, the sector has been neglected for decades. Freight earnings subsidize the artificially pegged passenger fares, yet successive governments have refused to invest in upgrading the freight infrastructure. The Manmohan Singh government's decision, announced in mid-April, was the first major investment proposal involving the freight sector of Indian Railways in decades. The freight division of the railways has been losing business for years to the road-transport sector, as manufacturers, importers, and exporters have abandoned the railways for more cost-effective road service. Growth of the railroad freight sector has also been hampered by a scarcity of freight cars, while truck manufacturers in India have been flooding the market with both light and heavy commercial vehicles.

FIGURE 1



The project, built with inputs on Japanese technology and expertise, will utilize the Special Terms for Economic Partnership Scheme (STEPS). The eight-fold initiative envisages greater promotion of ministerial meetings, including defense, trade, and finance, with special emphasis on petroleum. A high-level strategic dialogue will also be launched between the two countries. The Prime Ministers will meet every year.

For decades now, Japan has considered India an important market, and a developing manufacturing center. As a result, Japan viewed India as a secondary market, where Japanese high-tech consumer goods could be sold, and where less-expensive Japanese vehicles could be manufactured and sold. To meet these objectives, Tokyo had provided significant Overseas Development Assistance (ODA) over the years. But ignoring India's infrastructural shortcomings has led to total stagnation in India-Japan trade. Two countries' trade has remained a puny \$4.5 billion annually.

If Tokyo did not understand the importance of helping

India to develop its infrastructure, New Delhi did very little either to attract Japanese investment in the infrastructure sector. It is only recently that the Indian Commerce and Industry Minister Kamal Nath, visiting Japan in early April, told Tokyo that there is a vast potential for higher levels of Japanese investment in India in a variety of sectors like infrastructure, telecom, power, and construction, where Japanese businessmen can get involved in the growing opportunities in India. Kamal Nath made clear that Japanese investment would be welcome in the \$150 billion worth of infrastructure development that India seeks.

"I am aware of the fact that India is one of the largest ODA recipients from Japan. However, in the changed context of our desire for seeking a new economic partnership, it is important that we shift the emphasis of the India-Japan relationship from an ODA-based relationship to a Foreign Direct Investment (FDI)-based partnership. It is no longer aid that India seeks, but trade," Kamal Nath urged.

In a recent seminar in New Delhi in preparation for Koizumi's visit, Nobuo Ohashi, chairman of the Japan-India Business Co-operation Committee, said India presented immense business possibilities, and Japanese companies were slowly extending their presence in the country. "I believe that the lack of sufficient infrastructure is preventing any major increase in investment and I think Japan can offer significant cooperation in that respect," he said.

### **Strategic Tie-Up**

Beyond economics and trade, the Indian and Japanese authorities have also decided to initiate a high-level strategic dialogue, upgrade economic links, and enhance energy, security, and defense cooperation. What exactly the nature of this cooperation will be is difficult to assess, but if a recent paper by acting Director of the Indian Defense Studies and Analysis (IDSA), C. Uday Bhaskar, is an indicator, it has great potential.

Bhaskar pointed out that Japan has an extraordinary track record in shipbuilding, and it is the post-World War II reticence that makes Tokyo diffident about drawing attention to its distinctive strategic culture of techno-industrial excellence in its naval history. Japan and India, along with other Asian economies including China, share a convergence of interest in ensuring that the sea-lanes of communication from the Persian Gulf through the Malacca Straits, to northeast Asia remain under a low level of threat.

In addition, an immediate area for consideration is the current state of naval shipbuilding in India. One of independent India's quiet triumphs had been the virtual resurrection of naval ship design and building skills that were deliberately stifled during the colonial period. In India's southwestern coastal port of Kochi, the country's first indigenous aircraft carrier is now under construction. India's existing shipyards are in dire need of fresh impetus, both by way of investments and technical expertise, and Japan could provide

this in a manner that would be constitutionally permissible for Tokyo.

### **UN Reforms**

In addition to discussing economic and strategic tie-ups, another major item in Koizumi's agenda was extending support to India for the permanent membership of an expanded United Nations Security Council. Both sides decided to strengthen their cooperation in this regard, bilaterally, and in the G-4 setting, which includes Germany and Brazil, in addition to India and Japan. Another interesting development was the request extended to India by South Africa to assist in its joining the G-4. The G-4 is pushing for permanent seats in the UN Security Council with veto power, although UN Secretary General Kofi Annan ruled out its possibility at the conclusion of his visit, prior to Prime Minister Koizumi's arrival.

During their discussions, both the Prime Ministers spoke of a "new Asian era," through Indo-Japan cooperation. The concept, if developed to its fullest, has very many interesting prospects. It is mind-boggling to imagine what full cooperation between a technologically advanced Japan and the highly coachable, vast manpower of India and China, together can accomplish.

However, the conditions to make this happen are not currently at hand. The world economy is in deep turmoil. The massive public debt of the United States and the collapse of the U.S. dollar have made the situation highly unstable. There is no question that China and Japan, holding together more than \$1.3 trillion, have a large stake in making sure that Washington's all-destructive financial policies do not lead to a massive financial crash. Both countries have to move in quickly to make sure that a stable financial system, along the lines of Lyndon LaRouche's proposal for a New Bretton Woods monetary system, is put in place, which would allow nations, rich and poor, to develop. This was not discussed publicly during Koizumi's meetings either with Manmohan Singh or Hu Jintao.

The second area of great importance for the three nations, is to lay the groundwork for developing abundant, efficient, and pollution-free energy. All three nations have developed their nuclear-power generation capability to its fullest. There is absolutely no reason why these powerful nations cannot sit down and work out a policy wherein each other's strengths can be utilized to generate much-needed long-term electricity-generation program which would benefit all three.

While India and China have begun aggressively to ensure security for their oil and gas supplies, they have not discussed exploitation of their nuclear power generation capability. During Koizumi's visit to India, again, very little was heard that would suggest that India and Japan, in order to usher in a new Asian era, are ready to cooperate with each other in developing abundant quantities of commercial nuclear power.