



One-day Conference

On

Regional and Global Dynamics in India-Japan Relations

8 October, 2015

India International Centre

The Institute of Chinese Studies in collaboration with the Embassy of Japan and India International Centre organized a one-day conference on India-Japan relations on 8 October, 2015. The conference sought to offer a current and new perspective on India-Japan relations at a time of political dynamism in both countries under the new leadership of Narendra Modi and Shinzo Abe. The conference explored regional and global dynamics in India-Japan relations through the themes of regional diplomacy, politics and culture, and economics while also examining some of the dynamics of bilateral ties.

Prof. Sreemati Chakrabarti in her opening remarks welcomed the Ambassador of Japan and other eminent scholars and guests who had come together to participate in the conference. She also highlighted how despite being the Institute of Chinese Studies, it has been a constant endeavour of the institute to study Japan in all its aspects and it is hoped that such ventures would continue in the future.

The Ambassador of Japan, H. E. Mr. Takeshi Yagi, delivered the special address. At the outset, he expressed his pleasure and appreciation at the Institute of Chinese Studies expanding its scope of interest to also include studies on Japan. The Ambassador stressed that the relationship between India and Japan is blessed with the largest potential for development. India and Japan were hailed as like-minded partners sharing the basic values of freedom,

democracy, human rights and a pro-active commitment towards achieving the goal of peace and stability in the world. Referring to Japanese Prime Minister Shinzo Abe's statement on the 70th anniversary of the end of the Second World War on August 14, the ambassador underlined three agendas that India and Japan are promoting together and which will continue to guide the two nations in future. The first agenda is to firmly uphold the principle of peace and diplomacy in settling of disputes based on the rule of law and for Japan to fulfil its responsibility as the only country to have suffered the devastation of atomic weapons. The second agenda is to make the 21st century an era in which women's human rights are not infringed upon and in which women can shine. Lastly, Japan and India will continue to develop a free, fair and open international economic system making an even greater effort to fight against poverty, the recent conclusion of the Trans Pacific Partnership (TPP) agreement being a case in point. By way of summing up, the ambassador underscored the fact that India-Japan relations are now enjoying even closer relations as special strategic and global partners.

Amb. Asrani in his special address highlighted the development of India-Japan relations and underlined the significant changes that occurred along the way. The history of India-Japan relations was regarded by the speaker as a history of missed opportunities and emphasized that it was only at the turn of this century that Japan-India relations gained momentum. Japan started viewing India as a big power and a reliable strategic partner given India's adherence to democracy and its impressive navy and coast guard. For India, Japan continues to be the most important source of capital and technology as well as strategic comfort. While bilateral trade remains modest, Japan's contribution to India's financial world is considerably high in the form of ODA, FDI, and FII. Japan is also investing in projects related to 'Make in India' campaign. India on its part has become attractive for the Japanese as a large market with a rapidly rising middle class young enough to indulge in consumerism. In the foreseeable future, India and Japan can play complementary roles with young Indian personnel providing the necessary manpower for Japan's foray into higher value-added services. Regarding the strategic cooperation arena, the speaker underscored the idea that a Japan that plays an active role in shaping an inclusive security architecture in the region can only be in India's interest. The speaker concluded by stressing that both India and Japan have a value system that respects nature and strives for harmony between man and his environment. In a world threatened by climate change, it is these values that need to be revived and India and Japan can certainly lead the world in this regard.

The first session revolved around the theme of regional diplomacy. Prof. Mie Oba as the first speaker looked at Japan's new role in regional security in the Asia-Pacific, focusing on U.S.-Japan Alliance, Multilateralism, and Cooperation with Southeast Asia. The speaker revealed that there have been three aspects to Japan's new efforts to expand its role in regional security since the end of the Cold War, spurred by serious concerns over the rise of China and the possibility of turmoil in North East Asia. First, the U.S.-Japan alliance has become closer, and Japan's role in it has expanded. Second, Japan has engaged in multilateral frameworks for maintaining regional security. An important pillar of Japan's current security policy has been to play a key role in multilateral frameworks like the ARF and ADMM+ which coupled with the U.S.-Japan-ROK and U.S.-Japan-Australia dialogues are strengthening a U.S.-centered security system in the Asia-Pacific, while Japan faces changing regional security circumstances caused by the rise of China and its assertive diplomacy. Third, Japan has promoted political and security cooperation with Southeast Asian countries in addition to economic cooperation and assistance. Japan has particularly deepened bilateral cooperation with Southeast Asian nations in areas of anti-terrorism and anti-piracy, maritime security, humanitarian assistance, disaster prevention and mitigation, and cyber-defense. The speaker concluded that Japan's active involvement in improving its regional security environment and closer partnership with India based on shared universal values and strategic interests is expected to be a key determinant in maintaining a peaceful, stable, and prosperous regional environment in the Asia-Pacific.

Amb. Seth, as the second speaker, provided an overview of the changing dynamics of India-Japan relations. The ambassador mentioned that Japanese Prime Minister Hayato Ikeda had famously remarked in 1961 that India and Japan are the natural pegs in a security system. The speaker also alluded to Dean Acheson's remark in the US Senate in the same year about how the US security interest lies in the crescent of India and Japan. Further, the speaker mentioned that after 1962 till the end of Cold War, India and Japan remained like unrequited lovers with strong civilizational foundations. The security relations between India and Japan had foundations in the very early years of this century. In the present decade, Japan is paying a lot of attention to the ASEAN nations in strategic terms. Various arrangements have been made to bring Japan closer to ASEAN nations. In this context, the speaker forecasted that Japan-Taiwan equation will assume much greater importance in strategic terms. The speaker also highlighted that Japan and Vietnam are the two key nations in India's strategic partnership. Referring to the activities in Senkaku Islands, the speaker concluded by saying that the

regional strategic environment has become quite dynamic with India and Japan transforming the security structure.

The second session looked at India-Japan relations from the perspective of politics and culture. Prof. Sushila Narsimhan highlighted how Buddhism has been the most enduring pillar of India-Japan relations. While Japan's utilization of Buddhism has been long-standing, in the case of India, it is only over the past few years that Buddhism has acquired weight in its Asia policy. China's aggressive use of Buddhism as a soft power has become a cause of great concern for India and has finally pushed its policy makers to pursue proactive soft power diplomacy and bring India at the helm in the Buddhist world. The speaker further informed that India, under the new political dispensation, has placed Buddhism at the core of its new vigorous diplomacy. According to the speaker, amongst India's Buddhist soft power initiatives, the Nalanda University project reveals the increasing importance of cultural diplomacy for achieving foreign policy objectives. However, the speaker believed that India must adopt a cautious approach. While Buddhism can be the basis for cultural cooperation and diplomacy, a multi-ethnic and multi-religious society like India should avoid overt use of Buddhism or any particular faith, as this contains the risk of piquing India's myriad groups.

Dr. Shamshad A. Khan in his presentation highlighted the political dynamism that has come to characterize India-Japan relations. The speaker contended that India's present strategic partnership with Japan as well as institutionalisation of an annual prime ministerial dialogue has come about after a sustained political engagement between the leaders of the two countries. The speaker opined that India-Japan relations have by and large been driven by economic factors. A "strategic" factor crept in the relationship only when the two countries signed a "Strategic Partnership" in 2006. However, the agendas of their cooperation have again been dominated by economic issues. The speaker further noted that China was also not totally absent from the Indian strategic thinking. The developments have been such that it came to be perceived that India and Japan are attempting to create an exclusive security architecture in the Asia Pacific region without China. Since then India has tried to dispel the perception that it is bandwagoning with any power to counterbalance the other power. However, the speaker concluded that the China factor in India-Japan strategic partnership is hard to negate.

The third session sought to analyse how economics is driving India-Japan bilateral relations in contemporary times. Prof. Masazumi Wakatabe's presentation covered a variety of issues related to the recent slowdown in Chinese economy. The speaker began by providing a broad overview of the growth trends among Japan, China and other emerging economies of Asia for the last 65 years. The speaker contended that Chinese responses to intervene in its stock market were not effective. Due to increasing integration with the world economy, China is unable to control the transmission of recession in world economy onto its domestic economy. The latest episode of Yuan devaluation was viewed by the speaker as a result of sudden capital outflows. The speaker further discussed the four basics of growth policy for developing countries: enforcement of property rights, development of finance, education of the labour force and the stability of macroeconomic conditions. For developed countries, the speaker suggested competition and new entry in product markets, higher education, equity finance, democracy and decentralized firm organization for sustaining high growth. He further deliberated on TFP (Total Factor Productivity) that is more susceptible to high investment-GDP ratio like China has and contended that countries with better educated populations are evidently better able to avoid TFP slumps. It was suggested India can expedite its growth and development provided it overhauls its education system with greater focus on vocational training and putting the necessary infrastructure in place. The speaker appreciated India's democratic form of governance and believed that it will be able to increase its productivity while giving adequate attention to environmental protection.

The second presentation by Dr. Srabani Roy Choudhary discussed the bilateral trade, investment, overseas development assistance and other micro level issues associated with India-Japan economic partnership. The speaker informed that Foreign Direct Investment from Japan to India has increased after the Comprehensive Economic Partnership Agreement, (CEPA) came into force in 2011 and Japan gave overseas development assistance to India in the form of loan, grant and technical cooperation. Currently, Japan is engaged in Freight Corridor between Mumbai-Delhi, Chennai-Bangalore Corridor, North Karanpura Super Thermal Power Project, Ganga Action Plan Project (Varanasi) and Uttar Pradesh Buddhist Circuit Development Project. However, the speaker revealed that while a number of Japanese companies are working in India, most of them have only opened a regional office in India and are not involved in any major economic activity at the ground level. The speaker also highlighted the problems faced by Japanese companies in India like land acquisition, labour regulations, early clearance and single window system, and other infrastructural bottlenecks.

A pertinent suggestion was made by the speaker regarding India and Japan collaborating in developing the food processing industry in North East India. It was also noted that India's cheap talent pool provides enormous opportunities for further expansion in economic ties between India and Japan.

The presentation by Mr. Rajdeep Sahrawat gave a historical perspective on Tata Consultancy Services (TCS) making a foray into the Japanese market. The speaker mentioned that Japan is the second largest market for ICT with a share of 9.3 percent in world market after US (28.7 percent) and followed by China (8.1 percent). Japan has many companies specializing in hardware parts but none is a global leader in software services, thereby leaving a huge scope for Indian companies to make their inroads in the Japanese IT-related sector. The speaker also gave a broad overview of the TCS centre established in Pune that exclusively caters to customers based in Japan. This centre also houses TCS employees from Japanese origin. The speaker then went on to discuss the various phases of TCS's operations in Japan and hoped that TCS would shortly be able to generate revenue of over US \$ one billion in Japan.

The presentations were followed by lively discussions with an active participation by young scholars. The questions raised during the discussion covered a wide range of issues concerning the implications of India-Japan relations in the broader regional and global dynamics. In particular, the audience was interested in knowing about Japan's willingness to use its influence for India's benefit; the role of new partnerships such as TPP in curbing potential confrontations; the possibility of the South China Sea dispute emerging as a focal point in the security structure; the dichotomy in the discourse regarding China between the importance of China and the negative impacts of China's rise on policy-making in India and Japan; the feasibility of India-Japan civil nuclear cooperation; the scope of Indian software companies in Japan; and the role of democracy in economic diplomacy in the Asian region.

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