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The logic of India-Japan cooperation

India must Act East and act fast, to ensure that it remains not only relevant to the region but also contributes to realizing a win-win situation

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India PM Narendra Modi and his Japanese counterpart Shinzo Abe. Photo: Reuters

Amid growing concerns about China's Belt and Road Initiative (BRI), India and Japan are partnering for creating a viable alternative for infrastructure development and connectivity among countries across regions, including Africa (Asia-Africa Growth Corridor), South Asia, and the Indo-Pacific. India and Japan are also striving to put a counterweight to China's ever-assertive military postures.

Both Japanese Prime Minister Shinzo Abe and Indian Prime Minister Narendra Modi have repeatedly articulated policy priorities to this effect. For instance, at the Shangri-La

dialogue on 1 June, Modi reiterated the need to ensure that freedom of navigation is maintained as a key element of the Indo-Pacific region. He highlighted that the Indo-Pacific is his government's foreign policy priority. Similarly, external affairs minister Sushma Swaraj remarked at the Delhi Dialogue X, "The Indo-Pacific must be a free, open and an inclusive region."

The BRI has increased China's influence while casting yet another shadow over the many uncertainties in the world order, even as the Indo-Pacific is still a construct in the making. The rapidly shifting sands of the international world order reveal new truths, while upending old doctrines and alliances. The catalyst for major economies such as the European Union (EU), South-East Asian countries, India and Japan to actively seek new solutions is the looming trade war precipitated by US President Donald Trump's recent actions. Trump's main focus has been on convincing North Korea to denuclearize, and marginalizing Iran. However, both the goals of the Trump administration have been elusive so far. Moreover, this has led to a sense of unease in both Tokyo and New Delhi on issues surrounding North Korea and Iran. Major powers, including China, Russia, India and the EU, are reluctant to sever economic ties with Iran, Trump administration's pressure notwithstanding.

The wavering US has made its allies unsure of its commitments toward the region—a consideration for India-Japan partnership as well. Japan is mindful of the gradually creeping apathy of the US towards the international arena, especially South-East Asia. The Japanese efforts to keep the Trans-Pacific Partnership (TPP) alive and its increasing involvement in the Association of Southeast Asian Nations (Asean) stand witness to this fact.

In addition to the BRI, the effects of Brexit, seen essentially as an economic decision (through the prism of personal finances), have ramifications felt far beyond the domain of trade and commerce. These two major developments have forced the hand of several other actors to initiate their own projects.

There are more reasons why India and Japan must cooperate. The trade and private sector capacity of India and Indian companies in SouthEast Asia remain modest. Juxtapose this with the presence of Japanese companies in Asean. There are some 1,350 Japanese companies present in India, while over 13,000 Japanese companies remain active in Asean. If India and Japan were to cooperate not only at a government-to-government but also at government-to-government-to-business framework across Asean, the impact would be exponential. India Inc. might also learn from the Japanese example of working with the government on projects of national interest while being sustainable.

Not only would India and Japan be confident that their investment in infrastructure—rail, roads, highways, ports—would be put to good use, but also the local economies would further benefit from the special economic zones, manufacturing and trading hubs. The private sector could emerge not only as a user of the said infrastructure projects, but also a co-investor with the government, or concessionaire that ensures the infrastructure is well-maintained and operated, once the government exits after the development phase.

A significant part of India's contribution to Asean would be through helping some member states augment their IT and e-governance capabilities. For instance, IT platforms for customs and risk management to boost cross-border trade could turn out to be a niche area for India. Greater cooperation on IT would also help address the serious cyber security concern India is looking to address.

India would also do well to co-design trilateral partnerships on a case-to-case basis. Staying with the India-Japan example, partnering with governments or private sector from other countries could significantly mitigate risk and shorten lead times. An outward looking geo-economic play would not just impact the external theatres of action; rather the benefits would be felt closer to home. Increased coordination between government agencies and the private sector is needed to tap into the vast potential of Asean and the wider Indo-Pacific region.

One of India's perennially low-hanging fruits that has been infuriatingly just out of grasp is the development potential of the eight north-eastern states. With a positive demographic profile, enormous horticulture and agricultural potential, and proximity to Asean, this region could serve as the perfect platform from which India and Japan approach Asean from the West. The word in Bahasa—the language commonly spoken across Asean (Indonesia, Singapore, Malaysia and Brunei)—for West is “Bharat” or India. India must Act East and act fast, to ensure that it remains not only relevant to the region but also contributes to realizing a win-win situation.

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