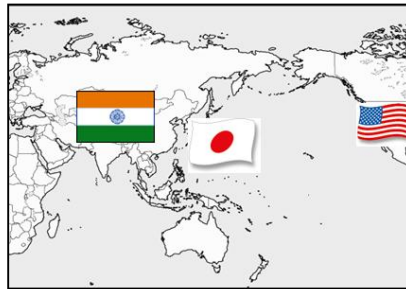


# **India's expanding role in Asia and the importance of its Strategic Partnership with Japan**

**Public and Private initiatives between India and Japan  
for enhancing security and economic cooperation in the “Indo-Pacific”  
(Summary)**



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## **India and Japan: Indispensable Partners for an Asian Century**

As Asia returns to its historic role at the centre of the global economy and geo-politics, India and Japan have been crafting an indispensable partnership among two great maritime democracies situated strategically at the northeast and southwest reaches of the continent.

Asia's rise depends critically on cooperative mechanisms for regional security and economic integration, and no two countries are better placed to create what India terms the arc of advantage and Japan calls the arc of freedom and prosperity. Together, they can bring about the confluence of the Indo-Pacific.

The 60th anniversary of India-Japan diplomatic relations and their seventh straight annual summit in November 2012 must energise concrete progress on implementing the multi-sectoral strategic and global partnership established in 2006. Economic relations carry the greatest potential for mutual progress and need to be intensified through cooperation on rare earths, nuclear energy, urban and economic infrastructure building, and two-way trade and investment. Defence and security ties are being steadily enhanced and should now also progress towards defence industrial collaboration and providing region wide maritime security from Sasebo to Port Blair, Kochi to Djibouti.

India's geographic location at the crossroads of Asia and its Andaman & Nicobar islands in south-east Asia give it a unique role and responsibility across the vast expanse of the Indian Ocean. The IOR and its littoral is central to Asia's emergence and to India's economic progress. 31% of India's external trade is now with Asian economies to its east, 24% to its west. The IOR's western resources find natural synergies with the booming economies of its eastern shores. 80% of global energy trade transits the Indian Ocean. As its own economy has expanded over the past decade, India's trade with the IOR littoral has grown eight fold to \$156 billion in 2011. Also, between 2001-2010, intra-regional trade in the IOR has tripled from \$1.1 trillion to \$ 3.5 trillion, to reach one-fourth of global commerce.

As Asia becomes the focus of global economic growth, it will occupy ever greater salience in India's strategic perspective. Unsurprisingly, India has shed its past reticence and revived the long moribund Indian Ocean regional grouping IOR-ARC. By hosting the IOR-ARC meeting in Delhi on November 2, 2012 India has signalled its endorsement of more robust "cooperative regionalism" in the IOR. Japan is already a dialogue partner in the IOR-ARC, and the Delhi meeting saw India welcoming the US as a new dialogue partner, adding greater heft to this organisation. Security of maritime commerce lies at the heart of the IOR-ARC's role in meeting contemporary challenges in a globally shared maritime domain. India hopes to establish a roadmap and agenda to eventually make this regional body the apex organisation of the IOR littoral.

India fully recognises that the IOR's resources and economic potential are crucial for the entire world. The IOR cannot be a closed geographical space. Hence India's preference to pursue trade facilitation, modernised infrastructure, peace, stability and security on the basis of open regionalism. Delhi's leadership of this revived IOR-ARC forum will be key for its future development.

In East Asia, India is already partnering Japan to anchor regional security in the EAS, economic integration in the ASEAN- led Regional Comprehensive Economic Partnership(RCEP), and connectivity infrastructure in ERIA programmes. The India- Japan- US trilateral dialogue is reinforcing convergences among these three democracies for regional peace and prosperity. India's partnership with ASEAN is being strengthened through a special summit in December 2012.

Built on the solid foundations of shared democratic values and bipartisan political support in both capitals, the India- Japan partnership is premised on the conviction that a resilient Japan is in the best interest of India, and a vibrant India is in the best interest of Japan. By further reinforcing their mutually supportive security posture and building a vigorous economic partnership, the two countries can contribute meaningfully to the realisation of an Asian Century.

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## **Why Japan Needs Indian Partnership**

Japan and India are natural partners as Asia's longest-standing democracy and Asia's largest democracy, respectively. Japan and India are beginning to shoulder greater responsibility as democratic leaders in Asia, who safeguard the freedom of navigation to provide peace and stability from the Strait of Hormuz to the Sea of Japan. With the region's maritime space falling under the extended sphere of Chinese influence, Japan must act to strengthen its ties with India to expand its strategic space. Both India and Japan should scale up their collaboration on multiple fronts with more frequent and regularly scheduled navy-to-navy bilateral exercises, and more service-to-service consultations. Japan and India should also work jointly in space and cyber to counterbalance China's formidable capabilities. As Japan and India increase collaborations, both should work to connect with like-minded friends in Hawaii and Canberra to create a diamond-shaped partnership among rules-obeying, universal-value-bound maritime democracies.

Both India and Australia have a keen interest in Indonesia, and Tokyo could reinforce amicable ties with Jakarta through these two partners. With India's Andaman and Nicobar islands ideally located near the Strait of Malacca, Japan's navy (JMSDF) should make Port Blair a "home away from home" and participate in the Indian Navy's goodwill and capacity building exercise "MILAN" held regularly in the Andamans.

India's common-law based legal, accounting and other professional practices, as well as freedom of speech and lack of state censorship create a market in stark contrast with China. Japanese investors should increase their focus on India and Japan must enhance its nation-branding efforts in the Indian market. Tokyo should be creative in its assistance to Japanese corporations interested in penetrating deeper into Indian markets. From Japan's perspective, India must work to streamline its red tape and facilitate investments by Japanese companies as much as possible.

Additionally, Indian diplomacy should expand its outreach to Japanese educational institutions. As the India-Japan partnership grows, both countries should consider creating more opportunities for Japanese students and scholars to study in India and Indian students and scholars to study in Japan.

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## **High priority action areas for India and Japan**

1. Enhance maritime security cooperation and interoperability through annual bilateral naval exercises initiated in 2012. Develop operational linkages between the Japanese MSDF and Indian Navy from Sasebo to Port Blair to Djibouti, bridging the Indo-Pacific. Include countermeasures for anti-piracy, humanitarian assistance and disaster relief (HADR) and mutual exchanges of military industrial technology.
2. Conclude the pending India-Japan civil nuclear cooperation agreement as a strategic and economic necessity; also, conclude agreement on Rare Earths partnership.
3. Progress in India-Japan Ministerial-level Economic Dialogue to promote multi-sectorial economic engagement.
4. Develop technology partnerships on energy efficiency, renewable energy and climate change.
5. Maintain progress on ongoing mega infrastructure projects in India, the Dedicated Freight Corridor, and Delhi-Mumbai Industrial Corridor, and initiation of a new Bangalore-Chennai Industrial Corridor.
6. Implement CEPA to expand bilateral trade and Japan's manufacturing investments in India, including in areas of high technology.
7. Advance India's integration with ASEAN and East Asian production and logistics networks under Japan-mentored ERIA programs (Comprehensive Asian Development Plan 2, Mekong-India Industrial Corridor).
8. Enhance cooperation on Asian economic and security architecture (EAS, ADMM+, and RCEP).
9. Intensify India-Japan-U.S. trilateral cooperation across the "Indo-Pacific" littoral
10. Initiate and establish an "Asian-Pacific Stabilization Fund." With this fund, Japan - in concert with India - can promote peace, stability and maritime security in the region, and dispatch humanitarian and disaster assistance as well as rescue, relief and support operations.