



Japan Project Newsletter 2011 - 12



Dear Reader

The Japan Project at ICRIER, established in 2007 with the support of the Sasakawa Peace Foundation, Tokyo, is currently in its second phase. ICRIER and SPF endeavor to promote the Japan Project at ICRIER as a pivotal center for research initiatives and studies on Japan and Indo-Japanese ties.

The year 2011-12 has been extremely productive in terms of scale of activities and high-level participation. Multi-level communication platforms have been created for intensive and focussed dialogue among stakeholders from academia, policy establishment, industry and media in both countries. Indeed the positive outcome of the Japan Project at ICRIER is not just in

terms of number of activities but also significantly in the outlook of the stakeholders in both countries with regard to the importance of the India-Japan Global and Strategic Partnership.

The seminar at Kolkata was the second attempt by us to organize an activity outside of New Delhi on India-Japan issues. The aim under this activity is to facilitate dialogue among experts across the country on a regular basis to increase understanding of Japan in India. The objective was gainfully accomplished with ICRIER collaborating with the Indian Chamber of Commerce, Kolkata. The highlight of the seminar was the Inaugural Address delivered by Shri Partha Chatterjee, Minister Commerce and Industries, West Bengal Government.

We have established a very close working relationship with the Embassy of Japan in New Delhi as well as other Japanese government organizations such as JBIC, JETRO and JCCII. I take this opportunity to convey my deep appreciation to Hajime Hayashi, Deputy Chief of Mission, Embassy of Japan, New Delhi, Tamaki Tsukada, Minister (Economic and Development) Embassy of Japan, New Delhi, Mitsuo Kawaguchi, Consul General of Japan, Kolkata, Makoto Suzuki, Vice President of JCCII, and Toshiro Nishizawa, Head of Country Credit Department, JBIC for joining our various events as guest speakers.

As we enter the 60th Anniversary of Diplomatic Relations between India and Japan it is our aim that this project becomes an even more substantive part of ICRIER's research activities. I look forward to your continued support to our future endeavors.

(Dr. Parthasarathi Shome)
Director & CE, ICRIER

Seminars/Roundtables:

1. Seminar on 'India-Japan Relations: Trends and Prospects'

The seminar "India-Japan Relations: Trends and Prospects" was organized by the Japan Project at ICRIER on 29th February, 2012 at New Delhi. The Embassy of Japan in India's Executive Committee for the 60th Anniversary of Japan-India Diplomatic Relations registered the seminar as an official event. The objective of the seminar was to look at the trends in relations between India and Japan on all issues ranging from political and strategic relations to economic and trade relations.

In his welcome remarks, **H.K. Singh**, Chair Professor, ICRIER-Wadhvani Programme of Research Studies on India-US Relations & Policy Issues, reflected on the growing global interest in India-Japan relations over the last decade. In his opening remarks, **Pinak Ranjan Chakravarty**, Special Secretary (PD), Ministry of External Affairs, India, described India-Japan relations as one of warmth and free of any disputes- whether ideological, cultural or territorial. According to him India and Japan share a global vision for peace, stability, and shared prosperity based on sustainable development with the global partnership reflecting the long-term convergence of economic, political and strategic interests and also aspirations, objectives and concerns. In his guest remarks, **Karl Indurfurth**, Senior Adviser and India Chair at CSIS, USA, observed that the India-Japan dialogue and the India-Japan-US trilateral underscore the centrality and the growing importance of the Asia-Pacific region, as along with the two leading democracies of the Asia Pacific region: India and Japan, the US will also be playing an important role in world affairs. According to him India and Japan, along with the US are the key pillars in this Asian century.



The keynote address was delivered by **Yoshituki Kasai**, Chairman, Central Japan Railway Company. Mr. Kasai emphasized that not just the bilateral relations between India and Japan but also India-US-Japan trilateral needs to be enhanced with a more specific and realistic agenda. His presentation on the high speed railway and the important role it played in the development of business in Japan drew a lot of interest on how collaborating with Japan for such a project in India could help not just for developing India but also for technology sharing and advancement of India-Japan relations.

The guest speakers at the seminar were Taniguchi Tomohiko, Professor Keiō University; Arvind Gupta, Director General IDSA; Hajime Hayashi, Deputy Chief of Mission, Embassy of Japan, New Delhi; Arjun Katoh, Disaster Management Adviser; Srabani Roy Choudhury, Associate Professor in Japanese Studies, JNU; Tamaki Tsukada, Minister (Economic and Development) Embassy of Japan, New Delhi; Ram Upendra Das, Senior Fellow, RIS; Takahiro Sato, Associate Professor, Research Institute for Economics and Business Administration (RIEB), Kobe University; Nisha Taneja, Professor, ICRIER; Shujiro Urata, Professor, Waseda University; Nagesh Kumar, Chief Economist, UN-ESCAP; So Umezaki, Senior Research Fellow (in Singapore), Institute of Developing Economies, JETRO; and Biswajit Nag, Associate Professor, Indian Institute of Foreign Trade.

2. Seminar on 'Japanese Investment in Eastern India: Trends and Prospects'

The seminar "Japanese Investment in Eastern India: Trends and Prospects" was organized by the Japan Project at ICRIER in collaboration with Indian Chamber of Commerce (ICC) on 30th August, 2011 at Kolkata.

The objective of the seminar was to foster greater understanding of the experience of Japanese investors in Eastern India and their outlook for the future. The focus of discussions was on the following issues:

- Reflecting on previous experiences and trends for FDI in Eastern India
- Outlook for the future
- Measures needed to facilitate Japanese investment in the region



In his welcome remarks **Parthasarathi Shome, Director & CE, ICRIER**, said that with the implementation of the India-Japan Comprehensive Economic Partnership Agreement (CEPA) Japanese investment in India was set to receive a boost and the focus of West Bengal should be on attracting investment from Japanese small and medium enterprises. In his opening remarks **Mitsuo Kawaguchi, Consul General of Japan, Kolkata** pointed out that picture of FDI from Japan in Eastern India was not encouraging. He felt that West Bengal had a lot of catching up to do in terms of industrialization and suggested that the India-Japan CEPA could play a significant role in this regard.

The Inaugural Address was delivered by **Shri Partha Chatterjee, Minister Commerce and Industries, West Bengal Government**. He emphasized that the state government was open to investment from all quarters and praised ICRIER's initiative to highlight the experiences and expectations of Japanese investors in the eastern region. Noting that presently Mitsubishi Chemicals was the only big investment in West Bengal Shri Chatterjee said that the government was keen to understand the requirements of Japanese companies wanting to invest in the state.

The guest speakers at seminar were Partha Pratim Pal, Associate Professor, IIM, Kolkata; D P Patra, Executive Chairman, MCC PTA India Corp (Mitsubishi Chemical Holdings Group); Srabani Roychoudhury, Associate Professor, Japanese Studies, JNU; Rajeev Singh, CEO, Indian Chamber of Commerce; Kenji Sasaki, Japan Bank for International Cooperation (JBIC) New Delhi; Gautam Datta, Professor, Indian Institute of Foreign Trade, Kolkata; Jayanta Sarkar, Director, Centre for Studies in International Relations & Development (CSIRD); and Biswajit Nag, Associate Professor, Indian Institute of Foreign Trade, New Delhi. The seminar was widely covered by the media.

3. Roundtable workshop on the theme '*Infrastructure Financing: Indian and Japanese Perspectives*'

The Japan Project at ICRIER periodically organizes closed door Japan Roundtable on a contemporary theme relating to India-Japan relations. The objective is to facilitate discussion:

- To raise awareness, in India, of contemporary political and economic changes in Japan.
- To foster policy oriented thinking on India-Japan political, strategic and economic engagement with both a near to medium-term as well as long-term focus.
- To strengthen India-Japan initiatives on common policy issues.

The Roundtable workshop on the theme "*Infrastructure Financing: Indian and Japanese Perspectives*" was organized on **24th February 2012** at ICRIER.

The event was organized in collaboration with the Japan Bank for International Cooperation (JBIC). The Japanese guest speakers were **Toshiro Nishizawa, Head of Country Credit Department, JBIC** and **Yoshino Naoyuki, Professor of Economics, Keio University**. Prominent Indian speakers included **Amitabh Kant, Chief Executive DMIC**, **Isher Judge Ahluwalia, Chairperson, ICRIER**, **Gajendra Haldea, Adviser to DCH (Infrastructure), Planning Commission**, **Partha Mukhopadhyay, Senior Fellow, CPR**, **H. K. Dubey, Executive Director Operations, HUDCO** and **Cherian Thomas, COO, IDFC Foundation**.

4. Roundtable on the theme '*Regional Economic Integration in East Asia and Japan-India Comprehensive Economic Partnership Agreement*'

The Roundtable on the theme "*Regional Economic Integration in East Asia and Japan-India Comprehensive Economic Partnership Agreement*" was organized on **6th September 2011** at ICRIER. The guest speaker was **Shujiro Urata, Professor, Waseda University**.

Dr. Shujiro Urata, Professor of Economics at the Graduate School of Asia-Pacific Studies, Waseda University is an extremely well known expert on issues relating to East Asian economic integration and is frequently consulted on economic policy matters by the Japanese Government. Dr. Urata focused on the process of regional integration of economies in East Asia through increase of multi-lateral trade following the free trade agreements beginning in the 1990s. He explained how the India-Japan CEPA would contribute to the two countries' bilateral trade in future, and help in further integration of economies in East Asia.

5. Roundtable on the theme '*Suggestions for Government of India by JCCII*'

The Roundtable on the theme "*Suggestions for Government of India by JCCII*" was organized on **25th July 2011** at ICRIER. The 2011 document is the third set of suggestions submitted by JCCII since 2009 with a view to improving India's business environment and to facilitate Japanese companies' activities in India. The objective was to analyze these suggestions particularly in the context of the bilateral CEPA.

The key guest speakers were **Makoto Suzuki, Vice President of JCCII**, **Keizo Takewaka, Minister Economic and Development, Embassy of Japan, India**, and **Shahid Ahmad, Associate Professor, Jamia Millia Islamia University**.

Research Studies:

1. *'Flow of Funds in India and Japan'* by Atsushi Kawamoto, Visiting Fellow at ICRIER

Atsushi Kawamoto from *Policy Research Institute (PRI), Ministry of Finance, Japan*, spent time from 5th Feb to 20th March 2012 as *Visiting Fellow* at ICRIER. His research theme was *Flow of Funds in India and Japan*. The research investigated the balance of the current accounts in India and Japan, by analyzing domestic flow of funds and institutional factors in each country. An important focus of Dr Kawamoto's research was the present conditions and agenda in fund-raising activities to improve infrastructure in India, especially the following:

- How do the central government, local governments, and the private sector separate their decision-making roles regarding investments in infrastructure?
- How does the government of India increase its revenue to invest in infrastructure? Is the Goods and Service Tax (GST) an effective way to cover expenses for investment in infrastructure?
- To what extent do domestic savings and financial intermediaries contribute to the funding for infrastructure development?
- To what extent do foreign direct investments contribute to the funding for infrastructure development?

2. *'Review of Japan's Official Development Assistance (ODA) in India: A Case Study of MRTS Projects'* by Sohail Ahmad, JSPS - UNU Postdoctoral Fellow, Institute of Advanced Studies, United Nations University

This research study is designed to review Japan's ODA in temporal, sectoral and spatial context, including its dynamics of programs and policies. It evaluates Mass Rapid Transport System (MRTS) projects based on donor and recipient objectives. It also analyses institutional setup at the receiving end. Finally, it proposes an institutional setup responsive to climate change regime, particularly, adaptation.

3. *'Impact of Macro-economic Environment on Diversification Performance Relationship: A Cross Country Study of India and Japan'* by Saptarshi Purkayastha, Assistant Professor, Indian Institute of Management, Kozhikode

Integrating the impact of resources and institutional factors, this study proposes to compare the dynamic relationships between product diversification, business group affiliation and firm performance in two major economies in Asia. India and Japan has been chosen as they represent different macro-economic conditions in which firms operate. First, the study examines the diversification-performance relationship among firms operating in different macro-economic environments. Second, as the world economy passes through troubled times, with declining growth rates, the study investigates what would be the impact of diversification on the performance of firms? This is the first study that compares the diversification-performance relationship under scarce economic conditions in a developed country (Japan) and an emerging country (India).

Others:

ICRIER and PRI (Policy Research Institute), MOF, Japan, have an ongoing MOU for research collaboration. The two institutions were scheduled to hold their 2nd workshop on 24th March 2011 in Tokyo. However the workshop was deferred due to the devastating earthquake and tsunami in Japan. This year the workshop on the theme *'India-Japan Economic Relationship Enhancement'* has been organized on 22nd March 2012 in Tokyo.

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