

# ISA S Brief

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## A 'New' Japan and Possible Implications for Japan-India Relations

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### Introduction

The victory of the Democratic Party of Japan (DPJ) in the Japanese Lower House elections in late August 2009 brought to an end half a century of uninterrupted rule by the Liberal Democratic Party (LDP) in Japanese politics. It also signalled a potential “revolution” in Japan’s domestic and foreign policies. However, with about two months into this new DPJ era, in terms of Japanese foreign policy at least, it is yet unclear as to how radical a departure this new government will take from the central tenets of the preceding Japanese foreign policy.

In the specific case of Japan-India relations, there are fears that Prime Minister Yukio Hatoyama’s highly enthusiastic embrace of China would come at the expense of relations with India. Such fears, especially in New Delhi, are located against the backdrop of a significant deepening of bilateral ties between Japan and India before the DPJ’s ascent to power. Certain preliminary observations can be made in four distinctive issue areas, each offering varying prospects for future Japan-India relations.

### Climate Change and Copenhagen

As part of its approach to the global Climate Change Summit in Copenhagen in December 2009, Japan’s new government has made a commitment to cut its greenhouse gas emissions by 25 percent by the year 2020 from the 1990 levels. This is a considerable increase in comparison to the eight percent target pledged by the earlier LDP government. In real terms, this is a significant pledge for a country which is the fifth largest emitter of greenhouse gases. Meeting at the sidelines of the Association of Southeast Asian Nations (ASEAN) Summit in Thailand in October 2009, the prime ministers of Japan and India “agreed to work together in a positive and constructive way on the climate change issue”. However, beyond such general proclamations lay a more specific difference. Prime Minister Hatoyama saw India’s commitment as “indispensable for the success of Copenhagen”. On the other hand, while welcoming Prime Minister Hatoyama’s initiative, Indian Prime Minister Dr Manmohan Singh stopped short of making any new commitment, reasserting the prevailing Indian “per

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capita position”, wherein India has pledged to keep its per capita emissions lower than the global per capita average.

Clearly, there is a variation in approach between the two countries on this issue. This is not surprising given that India, together with China, has taken the position that the major developed economies like Japan should commit, amongst other things, to significantly deeper cuts in greenhouse emissions as compared to developing economies on the “principles of equity and the overriding imperative of economic development and poverty reduction” on a global level. However, what is not totally clear at this moment, and which may impact bilateral ties in the near future, is the extent to which the DPJ government will push, at the multilateral level, its professed desire to play a global leadership role on climate change. Given the fact that the chances of securing a definite deal in Copenhagen are now all but over, it is unclear how much political capital the DPJ government will pour into nudging “major emitters” into making deeper emission pledges. More significantly, given India’s and China’s shared position on “common but differentiated responsibilities” on emission cuts vis-à-vis the more developed economies, it is not clear if these differences in the realm of climate change policy specifically would significantly impact Japan-India relations.

### **The Nuclear Dimension: Energy, Non-Proliferation Treaty and Comprehensive Test Ban Treaty**

The nuclear dimension has been a perennial factor in relations between Japan and India, preceding the present DPJ era. In 1998, when India conducted its nuclear tests, Japan suspended all political exchanges with India and froze all economic assistance for a period of close to three years, publicly condemning the tests in the harshest of tones. This was to be expected given the symbolic place nuclear weapons and their use occupy within the collective Japanese psyche. However, with time, and especially with the United States slowly but surely building stronger links with India in both the Bill Clinton and especially the George W. Bush period, Japan-India relations also improved, with India’s nuclear programme casting less of a shadow on bilateral relations over time.

The DPJ era, however, could spell potential new difficulties for bilateral ties in the nuclear field. Before coming to power, one of the DPJ’s stated policy platforms was its very strong proclamation of nuclear disarmament principles. More significantly for India, the DPJ’s policy manifesto saw the United States-India civilian nuclear agreement as an unwelcome development and as sending “the wrong message” to states like Iran and North Korea. In its view, the Non-Proliferation Treaty (NPT) needs to be given a fresh lease of life, especially by nudging non-signatories like India to sign on. In this, it shares the Barack Obama administration’s broad stress on the importance of bringing more countries under the NPT as part of a global pact to control nuclear weapon and technology proliferation.

To add to this, the chair of the recently-concluded East Asia Summit (EAS), Thailand’s Prime Minister, Abhisit Vejjajiva, on behalf of the grouping “encourage[d] those EAS-participating countries that have not acceded to the Comprehensive Test Ban Treaty (CTBT) prior to the NPT Review Conference to do so.” Japan is a member of the EAS while India is the sole participant in the grouping that has yet to sign the CTBT, although China, the United States and Indonesia have signed but not yet ratified the CTBT (the next NPT Review Conference is set to be held in May 2010 – it takes place every five years). At the moment, direct Indian requests for Japanese assistance for India’s civilian nuclear power generation efforts have been met publicly with ambivalence with Prime Minister Hatoyama saying he

was “cautious” on such a notion and had to “consider various factors before looking into providing assistance”.

As in the domain of climate change, it is difficult to ascertain at this juncture how much political capital the DPJ is willing to sacrifice in the near future, in foreign policy terms, in order to push its stated disarmament goals. For a start, much will depend on how much of a domestic consensus the Obama administration can achieve in the United States on ratifying the CTBT. In the event of the United States, and resultantly China, ratifying the CTBT, India’s refusal to sign could impinge considerably on Japan-India relations under a DPJ government. Barring this, it is unlikely that Japan-India relations would suffer considerably because of this issue, especially given India’s stated position on exercising a self-imposed moratorium on further nuclear testing, as well as its widely appreciated record on nuclear weapon and technology non-proliferation.

### **Economic Cooperation**

Economic relations between Japan and India have been growing steadily in recent years. Export from India to Japan has nearly doubled from US\$2.2 billion in 2001 to US\$4.1 billion in 2007 while Japanese exports to India have grown even more steadily from US\$1.9 billion to US\$6.1 billion over the same period. Direct investment from Japan to India has also grown rapidly from ¥18.4 billion in 2001 to ¥178.2 billion in 2007. In December 2006, the prime ministers of the two countries decided to launch immediate negotiations for the conclusion of a bilateral Economic Partnership Agreement (EPA). However, despite the best of intentions, and after 12 rounds of negotiations between the two sides, the agreement has yet to be finalised. In their meeting at the recent ASEAN Summit, Prime Minister Singh stressed the need for both sides to “become flexible” in order to finalise the EPA (one of the main sticking points at the moment is the negotiation over the simplification of procedures for approving generic drugs).

As importantly, the Japanese government is a major partner in what would be India’s largest infrastructure project, the Dedicated Freight Corridor (DFC). The DFC will involve building a 3,300-kilometre railway network exclusively for freight movement, with the western corridor linking Mumbai with Delhi and the eastern corridor linking West Bengal with Punjab. Linked to this is the project to build an industrial corridor along the Delhi-Mumbai freight corridor. Prime Minister Hatoyama has indicated that his new government places great importance in these major infrastructure projects, urging Dr Singh to implement the projects “at the earliest”. The previous Japanese government had approved (under the auspices of its International Cooperation Agency) a loan of Rs. 17,000 crore for this project, with the conditionality that a certain percentage of the loan amount be used to purchase specific Japanese goods. In following through this commitment, the new government has recently signed an agreement for the delivery of the first instalment – Rs. 133 crore – of this loan.

In the economic sphere, Japan-India relations do not seem to have deviated in any meaningful fashion with the new Japanese government. Both sides look keen to pursue the finalisation of the EPA, and are mindful of the trade benefits such an agreement would bring. Political will on both sides does not seem to be wavering on this count. Similarly, with the DFC, the new Japanese government seems determined to move ahead with the commitments made by the earlier government to be an important part of one of India’s largest infrastructure projects.

## **Strategic-Political-Military Ties**

One of the major symbols of closer relations between the two countries in recent years in the strategic realm was the establishment of the “Strategic and Global Partnership between Japan and India” in August 2007 which led to the “Joint Statement on the Advancement of the Strategic and Global Partnership between Japan and India” in October 2008. One of the central elements of this joint statement was to affirm the point that “as major countries in Asia that share common values and interests, (both) must advance bilateral cooperation as well as cooperation in regional and multilateral areas”. Amongst other things, this referred to developing common approaches to institutions like the EAS, the United Nations and global issues like terrorism and the World Trade Organisation. In the security-military sphere, there have been several high-level visits between the armed forces of both sides culminating in the Japanese Maritime Self Defence Forces participating in the “Malabar 07-2” exercises hosted by India. In addition, coast guards from both countries have been engaged in annual joint exercises in anti-piracy, and search and rescue since 2000.

Many saw such Japanese efforts to strengthen strategic-political relations with India as stemming from the former’s uneasiness with China’s growing economic power, which is seemingly being translated into greater strategic-political clout, both regionally in East Asia and globally. However, the DPJ’s position on China appears to be appreciably different. It aims to build closer relations with China, rejecting what it sees as earlier attempts by certain sections, in both Tokyo and Washington, to contain China. It also aims to revisit its alliance relationship with the United States, proclaiming that it wants a more “equal” association with its traditional military partner. Prime Minister Hatoyama’s recent proposal at the EAS of a future East Asian Community (EAC), which seemingly excludes the United States, has set off alarm bells in Washington. At the Asia Pacific Economic Cooperation (APEC) Summit later, Prime Minister Hatoyama’s vision of a future EAC was still unclear, especially with regards to who should be part of this grouping, much less what the EAC should aim towards becoming. India is part of this tentative EAC proposal, by virtue of being part of the EAS process.

It remains unclear at this moment how closely the DPJ’s rhetoric on fostering deeper ties with China will translate into actual foreign policy. It is clear, however, that earlier fears of the new government ditching the United States-Japan alliance are unfounded. Prime Minister Hatoyama has publicly stated that the United States-Japan alliance will remain “the cornerstone” of Japanese foreign policy. For India, the important question is whether the momentum of stronger strategic ties forged during the earlier Japanese administration will continue or if they will slow down as the DPJ moves to cement even closer ties with China. Presently, especially given India’s unambiguous signals in wanting a stake in any future region-wide grouping (India has also indicated that it intends to apply to join the APEC grouping next year when the moratorium on the admission of new members expires), it is difficult to foresee Japan-India strategic ties taking a significant U-turn. India will be too difficult to ignore, much less by any Japanese government, in any future constellation of regional order in the Asia-Pacific.

## **Conclusion**

Much of the world has been watching, with anticipation, how the DPJ government will implement its “revolution” in Japanese politics, especially in its foreign policy. In terms of Japan-India relations, it is still too early to tell how the new government will (re)orient its

approach to this bilateral relationship. In each of the four issue areas discussed, differing prospects emerge at this early stage. A clearer picture might emerge if and when the new Japanese Prime Minister accepts the standing Indian invitation for an official visit to New Delhi.

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