JAPAN-INDIA STRATEGIC PARTNERSHIP
AN INDIGENOUS AXIS IN THE INDO-PACIFIC

Policy Report
July 2021

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Executive Summary

Over the past decade, Japan and India have intensified mutual cooperation and strengthened bilateral ties, leading to the establishment of a special partnership. Although it is unlikely that this partnership would ever develop into a formal alliance, there remains enormous potential for a deepening of bilateral relations in the areas of security, defence, trade, economy, and in terms of their responses to the current COVID-19 pandemic. This report provides an update on the evolving relationship between the two indigenous powers, outlining ways in which they can continue to play a constructive role in the region.
An Evolving Special Partnership

The regional order has continued to evolve in the past decade, with a weakening US-led liberal order challenged by an increasingly assertive China. The COVID-19 crisis has exacerbated transitions in the international system, providing an opportunity for India and Japan to play a constructive role in the post-COVID-19 world. While Japan has recently undergone a leadership change, India has been saddled with its own domestic challenges of managing the pandemic with a population of 1.3 billion. Nevertheless, the India-Japan relationship will likely endure due to the following:

Historical and strategic context

Despite almost 1,500 years of bilateral contact, Japan and India have been free from historical baggage, cultural grudges, or territorial disputes. While the relations stagnated during the Cold War — with Japan being allied with the United States, and India, then under Prime Minister Jawaharlal Nehru who led the Non-Alignment Movement, had been strategically closer to the Soviet Union — their relations predated the Cold War. Both also share a long history of Pan-Asian intellectual interactions since the late 1800s.

Bilateral relations rejuvenated when Prime Minister Yoshiro Mori visited India in 2000. Both countries recognise each other as established democracies in a diverse and politically volatile region, and they share fundamental democratic values such as the rule of law and human rights. Strategically, Japan and India are major maritime powers sharing interests in keeping the seas open, free, and peaceful. They are also geographically distant, which makes it unlikely for them to encroach on each other’s strategic sphere.

Furthermore, both countries share anxiety and strategic concerns over China’s increasing assertiveness in the region. Apart from the disputed boundary question which hangs over bilateral relations between India and China, new points of contention (trans-boundary river water issues) have only added layers to the already complex relationship. Moreover, India remains worried about Chinese influence, particularly through its Belt and Road Initiative.

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(BRI), over South Asian nations traditionally thought to be in India’s sphere of influence. Similarly, Japan faces a complex relationship with China. Under the decades-long principle of *seikei bunri* (separating politics and economics), Japan continues to seek positive bilateral relations with China. The latter has consistently been one of Japan’s biggest trading partners, even when tensions escalated over territorial disputes\(^4\) and history-related issues.\(^5\)

The historical and strategic context creates favourable conditions for Japan and India to expand the scope of their strategic, defence and economic cooperation, as well as to play a greater regional role. Significantly, Japan is one of few countries given access to the politically sensitive region of northeastern India. It has been providing Official Development Assistance (ODA) loans to India in the fields of energy, water supply, forestry, and urban development since 1981.\(^6\) Furthermore, New Delhi has for the first time allowed foreign investment to upgrade civilian infrastructure in the strategic Andaman and Nicobar Islands. In the first-ever ODA project in these islands, Japan has approved grant aid worth ¥4.02 billion to improve the power supply there.\(^7\)

**The Modi-Abe factor**

Cultivation of relations at a personal level has played a crucial role in fostering the India-Japan bilateral partnership over the years. The bonhomie famously shared between Indian Prime Minister Narendra Modi and former Japanese Prime Minister Shinzo Abe had been built over two decades during Modi’s tenure as chief minister of Gujarat and later as prime minister.\(^8\) While the initial steps towards stronger institutionalisation of bilateral ties were achieved during former Prime Minister Manmohan Singh’s tenure, the partnership continued to deepen more comprehensively under the Modi administration.

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Former Prime Minister Abe also played an influential role in the strengthening of Japan and India’s bilateral partnership. From the onset of his first term, Abe recognised India’s strategic importance as a democratic balancer in the region and strongly advocated for the “Indo-Pacific” geopolitical vision. Visiting India for the first time as prime minister in 2007, he addressed the Parliament of India in a speech entitled “Confluence of the Two Seas”, linking the Pacific and the Indian Oceans. Since then, the idea gradually began to gain traction among other like-minded stakeholders in the region. Apart from driving the Indo-Pacific concept, Abe was also a key architect of the Quadrilateral Security Dialogue, also known as the Quad, a strategic grouping that includes Japan, India, the United States, and Australia. He promoted this Indo-Pacific vision in 2012, in an article that articulated the idea of “Australia, India, Japan and the US state of Hawaii [forming] a diamond to safeguard the maritime commons stretching from the Indian Ocean region to the Western Pacific”.

Abe is now succeeded by his right-hand man and former Chief Cabinet Secretary, Yoshihide Suga. His emergence as the new Prime Minister highlighted the governing Liberal Democratic Party’s desire to continue with Abe’s policies. Before Abe resigned in August 2020 for health reasons, he became the longest-serving Japanese leader after having served for almost eight consecutive years. Although he was not free from scandal, Abe’s record-breaking hold on power in Japan had helped to stabilise Japanese domestic politics. This stability not only allowed him to push through with radical security and defence policy reforms, but also intensified Japan’s engagement in world and regional affairs. It remains to be seen if Suga would be able to develop a strong personal chemistry with Indian Prime Minister Modi like his predecessor did. Nevertheless, it is unlikely that his leadership would divert too much from Abe’s strong foreign policy agenda.

Compatible long-term visions

India and Japan have outward engagement initiatives that dovetail with their respective visions of the regional order. From strategic visions to connectivity initiatives, the leaders of both countries were often on the same page. Both countries have also endorsed the Indo-Pacific concept.

The Japanese government adopted the policy of “Proactive Contribution to Peace” in 2012, demonstrating a commitment to play a larger global role. Abe also unveiled the “Free and Open Indo-Pacific Strategy” in 2016, seeking to promote economic prosperity through supporting freedom of navigation, free trade, and a rules-based order, as well as to improve connectivity in the sea lanes and inclusivity through strategic partnerships and infrastructure projects. This converges with Modi’s “Act East Policy” which plays out in the Indo-Pacific region.

To advance Modi’s “Act East” agenda and Abe’s “Quality Infrastructure” initiative, the two countries put forward collaborative regional projects, including in Sri Lanka, Myanmar, Bangladesh, and Kenya. Synergies in connectivity initiatives have helped both nations align their policies on security and economic cooperation. India’s “Indo-Pacific Oceans Initiative” also finds consonance with Japan’s “Vientiane Vision 2.0.” Meanwhile, India and Japan conceptualised the Asia-Africa Growth Corridor with “the aim of realising inter-connectedness between and within Asia and Africa, and the Indian and the Pacific Ocean”.

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Strengthened diplomatic mechanisms

Bilateral diplomatic mechanisms between Japan and India have strengthened and institutionalised over the past decade. Apart from annual summits at the prime ministerial level, the two partners also share several defence and security dialogue frameworks. One important development was the inaugural “two-plus-two” Foreign and Defence Ministerial Meeting between Japan and India in November 2019, which marked a significant upgrade from the two-plus-two dialogues at the secretary level that have been ongoing since 2010. Notably, Japan is only the second country to hold such a high-level, two-plus-two format discussion with India (the other being the United States).

The upgraded dialogue framework also reflects both Tokyo and New Delhi’s commitment to forging greater depth in their special partnership. It also provides a platform for strengthening their already close military engagement — Japan could access Indian facilities in the Andaman and Nicobar Islands, while India will be permitted to use Japan’s naval facility in Djibouti.

While Japan and India have sought, in their bilateral relations with each other, to distance themselves from the Trump administration’s hard-line position on China, both countries continued to complement the US’s engagement in the Indo-Pacific region by being active members of the revived Quad since 2017. In March 2021, the leaders of the United States, Australia, India, and Japan met virtually in a historic Quad summit, marking the first of such meetings at the leaders’ level. Beyond security issues, the meeting also proposed solutions for a range of common challenges including the COVID-19 pandemic, climate change, and cyber security. This meeting signals the importance of the Indo-Pacific region to the current US administration.

23 Ibid.
The previous US administration under Donald Trump had also promoted the “free and open Indo-Pacific” (FOIP) concept and revived activities under Quad.\(^{24}\) However, the four years of Trump leadership had been marked by unpredictability, confrontation, and unilateralism, causing a degree of uncertainty among friends and partners of the United States. Since his victory in the November 2020 presidential election, US President Joe Biden has not only embraced the FOIP vision but taken steps\(^{25}\) to reassure allies and partners of the United States’ commitment to and support for the Indo-Pacific. There is optimism that the United States will return to a more pragmatic foreign policy posture that is less unilateral, more calibrated, and more aligned with the interests of stakeholders in the region. Nevertheless, the United States’ commitment to the region cannot be taken for granted, given the country’s lingering deep partisan divide and potential domestic distractions, including the ongoing battle against COVID-19.

**Mutual socio-economic interests**

A stronger partnership between Japan and India has also benefited both countries’ economies. Japan sees enormous investment opportunities in India, where there is a huge demand for quality infrastructure development to meet the country’s population growth and vast economic potential.

Since 1958, Japan has been a development partner of India, providing loans in the form of ODA. According to the Japan International Cooperation Agency’s (JICA) 2019 Annual Report, India was the highest recipient of ODA, with loans totalling ¥278.293 billion in the fiscal year 2018.\(^{26}\) In 2020, Japan had pledged an ODA of ¥50 billion in the form of a COVID-19 Crisis Response Emergency Support Loan to help India mitigate the socio-economic impact of the pandemic.\(^{27}\)

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Japan is also involved in large-scale infrastructure projects in India, including the Delhi-Mumbai Industrial Corridor, the Mumbai-Ahmedabad bullet train, and the establishment of some 12 industrial parks across different states.\textsuperscript{28} The two countries have partnered up on the Japan-India Act East Forum, seeking development cooperation in India’s north-eastern states bordering China, Bangladesh, and Myanmar.\textsuperscript{29}

The two partners share mutual economic interests and stand to benefit from expanded cultural and people-to-people exchanges. “Abenomics” and “Modinomics” can be symbiotic and complementary, given Japan’s strong hardware capabilities and financial know-how, combined with India’s software expertise and high economic growth. Japan has been facing a labour crunch in both blue-collar and high-tech industries due to its aging and shrinking population.\textsuperscript{30} India’s abundance of jobseekers could provide the highly skilled IT professionals that a greying Japan needs in an increasingly digitalised age.

In late 2020, a collaboration between the two governments in the field of information and communications was announced, providing support for “the introduction of 5G wireless networks, submarine fibre-optic cables and other technologies to India from Japanese companies”.\textsuperscript{31} At the same time, India will cooperate with Japan in the training of IT professionals.

Policy Recommendations

A comprehensive, more strategic, and stronger partnership between India and Japan can create an indigenous axis that serves as a credible and stable centre of gravity. We outline several ways that Japan and India can continue to play a constructive leadership role in intra-Asian relations:

1. Shape an inclusive Indo-Pacific narrative

Diverging from the US definition of the Indo-Pacific strategy with its somewhat antagonistic China-containment rhetoric, both India and Japan can work towards an inclusive region where China would be encouraged to cooperate within a multilateral framework. Both Modi and Abe have stressed inclusivity as a key component of their Indo-Pacific vision. Driving thought-leadership that emphasises inclusivity and peaceful dialogue within multilateral frameworks can attract endorsement by other regional stakeholders who do not want to choose sides or be embroiled in big-power rivalry.

2. Pursue greater synergy with ASEAN

The Japan-India partnership can pursue greater synergy and engagement with ASEAN, through ASEAN-led mechanisms. Both Japan and India have reaffirmed their support for ASEAN Centrality — in a statement, Modi and Abe agreed that “ASEAN unity and centrality are at the heart of the Indo-Pacific concept, which is inclusive and open to all.”

India’s “Indo-Pacific Oceans Initiative”, Japan’s “Vientiane Vision 2.0”, and the ASEAN Outlook on the Indo-Pacific (AOIP) adopted at the 34th ASEAN Summit in Bangkok in 2019 have overlapping interests in striving for an Indo-Pacific region that is inclusive and open to all countries in the region. Moreover, the AOIP highlights maritime cooperation, connectivity, sustainable development, and the economy in its stated areas of collaboration in the Indo-Pacific, which dovetails with the Japan-India infrastructure development projects in the Indian Ocean littorals. This also provides the region with an alternative to China’s BRI.

36 Ibid.
New Delhi has been engaging with ASEAN member states under the frameworks of ASEAN-India Dialogue Relations, Mekong-Ganga Cooperation, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, and the Thailand-led Ayeyarwady-Chao Phraya-Mekong Economic Cooperation Strategy. In addition, Japan’s “Vientiane Vision 2.0” seeks to enhance defence cooperation with ASEAN to uphold a rules-based order, beef up maritime security, as well as defend against non-traditional threats.

3. Look beyond traditional security areas

As India battles a massive surge of COVID-19 cases, Japan has pledged to contribute up to ¥5.5 billion in additional grant aid on top of essential medical supplies. Leveraging on their technological prowess, Japan and India can provide research and capacity-building leadership to drive growing sectors in the region, including clean technology, renewable energy, virus research, cybersecurity, and space technology. Japan and India have emerged as leading space-faring nations in the region over the past few years, and have been exploring joint projects to advance space research and technological innovation.

Leadership in these areas can support regional economic and social development, as well as revive pandemic-stricken economies. It would also be pertinent for both nations, as well as for the rest of the region, to cultivate joint preparedness in dealing with emerging threats such as climate change or even the next pandemic. Moreover, increasing economic and technological diplomacy, on top of cooperation in non-traditional security issues, may create more opportunities for meaningful engagement and cooperation with China. This would be crucial since India had refrained from joining the Regional Comprehensive Economic Partnership, an agreement poised to be a landmark of the multilateral trading system and prevailing rules-based regime, to Japan’s disappointment.

39 “Japan to send India $50m in additional grant for fighting COVID.” Nikkei Asia, 6 May 2021. https://asia.nikkei.com/Spotlight/Coronavirus/Japan-to-send-India-50m-in-additional-grant-for-fighting-COVID.
Conclusion

Even though India and Japan may not be each other’s most important partner across many sectors, both countries have shown a commitment to strengthening bilateral ties strategically and economically. A stronger and more comprehensive partnership can serve as a stable centre of gravity for the Indo-Pacific region. This could be a good trajectory for the long term, especially once Japan and India move beyond the personalities of their leaders, or their mutual anxiety vis-à-vis China.

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