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India-Japan Ties Poised for Advance as Both Nations Eye China

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India and Japan are poised for a rapid advance in their bilateral relations with rich economic and strategic overtones. Straws in the wind suggest that India-Japan ties could reach a historic high by the year's end, well before Tokyo and New Delhi celebrate 60 years of their diplomatic relations. Though Japan and India have been in touch with each other for the last 1500 years, modern diplomatic relations were established on April 28, 1952.

The two countries are engaged in deepening of bilateral ties in such diverse areas as defense, business, high technology trade, science and technology and culture and the process has gained momentum over the last decade. However, the two powers will be crossing the Rubicon if and when they sign the civilian nuclear cooperation agreement they are currently negotiating. The first round of negotiations on the nuclear deal was held on June 28-29, 2010 in Tokyo with the Indian side represented by Gautam Bambawale, joint secretary (East Asia) in the Ministry of External Affairs, while Kitano Mitsuru, deputy-director general, Southeast and Southwest Asian Affairs department, led the Japanese side.

New Delhi appears confident that it will be able to address Japanese concerns amicably without yielding to Tokyo's demand that the agreement include a clause that the deal will be off if India were to conduct fresh nuclear weapon tests. The Indians faced a similar challenge when negotiations with the United States for a nuclear deal began in 2005. After protracted talks, Washington agreed to drop its insistence on incorporating a clause stipulating that the "deal is off if India conducts fresh tests". Instead, India agreed to insert a clause in the 123 US-India civilian nuclear agreement of 2005 that it would return all American material and equipment to Washington in the event of a fresh Indian nuclear test. New Delhi will not be averse to inclusion of a similar clause in the civilian nuclear energy agreement with Japan, but nothing beyond that.

The tables seem to have turned between India and Japan as far as civilian nuclear cooperation is concerned. It is Japan rather than India that urgently needs to sign this agreement. For India, the deal with Japan is important, no doubt. It would further cement relations between the two Asian powers and lay the foundation for more robust strategic ties in the long term, with an eye on China. However, New Delhi will not be much affected if the nuclear deal with Japan falls through because it has signed similar deals with eight other countries -- France, US, Russia, Kazakhstan, Mongolia, Namibia, Argentina and Canada. The only problem India would face if the India-Japan nuclear deal falls through is that the US-India nuclear deal will not be fully implemented as two of the American giant companies involved in nuclear energy -- General Electric and Westinghouse -- are wholly or partly controlled by Japanese companies.

Indian nuclear power plant

It is public knowledge that the French nuclear giant Areva and an American consortium led by General Electric have each won orders for two reactors in India, but they cannot implement the projects without Japanese technology. Both Areva and GE use reactor vessels made by Japan Steel Works Ltd. In the case of GE, the American conglomerate depends heavily on Hitachi Ltd in nuclear reactor projects. It is in this context that Japan is under immense pressure from both Washington and Paris to sign the nuclear deal with India as soon as possible.

Moreover, Japan is eyeing the vast Indian nuclear market, which will generate business and contracts worth an eye-popping $150 billion in the next four to five years. Japan cannot gain a share of this until it signs the nuclear deal with India. This would boost the precarious Japanese economy. Japanese companies like Toshiba and Hitachi are keen on tapping the vast Indian nuclear market.

Japanese foreign minister Okada Katsuya visited India on August 21 in the latest round of the India-Japan Strategic Dialogue. The talks centered on Indo-Japan nuclear deal negotiations, which began in Tokyo on June 28. Following the talks, Okada minced no words in warning India that any nuclear deal between the two nations would be off the moment India conducted a fresh nuclear test. For its part, Indian strategists are confident that the issue can be amicably resolved. The reason is that India has no plans to test another nuclear bomb on land, in the air or at sea because there is no need to do so. In India and elsewhere, nuclear tests are being, and will continue to be, conducted in laboratories. Indian diplomats well understand Japanese sensitivity to issues of nuclear testing. The Indian Prime Minister is scheduled to visit Japan in November or December for the annual India-Japan summit during which the two sides hope to sign the deal.

There is another reason for Japan to sew up the nuclear agreement without further ado. South Korea is also wooing India and is very keen on signing a nuclear agreement. Seoul has already inked a $20 billion project to build four nuclear reactors for UAE. Japan

surely would not like to be beaten by its regional rival for the Indian nuclear contract.

New Delhi is not sitting idle as China busily enlarges its strategic footprint all around India. Defense Minister A K Antony will visit South Korea on September 2, the first time ever that an Indian Defense Minister is undertaking an official trip to Seoul. The days when Delhi was exclusively obsessed with Pakistan have passed. This is a development that Japan will be watching closely, given Tokyo's intricate relationship with Seoul.

Antony is leading a high-level delegation to Seoul that will include such senior civil and military officials as Defense Secretary Pradeep Kumar, Vice Admiral RK Dhowan, Lt General KT Parnaik, scientist Dr. Prahlada (a specialist in rockets and missile systems) and Sundaram Krishna, Advisor to the Defense Minister.

The usually reticent Ministry of Defense candidly put on record on August 31 the purpose of Antony's South Korea visit, saying: "The visit is part of India's Look East Policy and a wide range of issues including Defense Cooperation for peace and stability in the Asia-Pacific region and bilateral cooperation in Research and Development for manufacture of military equipment will figure prominently during the discussion between Antony and the top leadership of South Korea." The phrase "peace and stability in the Asia-Pacific region" leaves no doubt that the two sides will be discussing China's recent moves and reiteration of maritime territorial claims in South China Sea.

On August 29, India took a major step in preparing the way for Japanese participation in India's civilian nuclear development program when it passed the Nuclear Liability Damage Bill, critical legislation for implementing the 123 agreement with the US on civilian nuclear power. The bill provides the guarantees demanded by potential suppliers to protect them against legal action in the event that their equipment or materials are involved in a nuclear accident within India. Washington had made it clear to New Delhi that American nuclear vendors would not enter Indian markets unless suppliers of nuclear equipment were shielded from liability for nuclear accidents. Currently, only the State-run Nuclear Power Corporation of India Ltd. under the existing Atomic Energy Act is empowered to operate nuclear power plants.

Passage of the Nuclear Liability Bill, with crucial support from the BJP opposition, is a major political victory for Prime Minister Manmohan Singh coming ahead of US President Barack Obama's scheduled India visit in November 2010.

However, the government will have to fight another major battle in procuring land for construction of nuclear power plants. Land procurement, particularly for nuclear plants, is a politically charged issue. India plans to invest $100 billion in nuclear power in the coming years. It proposes to generate 20,000 Mega Watts (MW) of electricity from nuclear sources by 2020 from a mere 4500 MW of installed capacity at present. India's current total installed electricity generation capacity is 164 Giga Watts (GW), which is projected to rise to 186 GW by March 2012.

Like US-India ties, India-Japan relations do not depend exclusively on nuclear cooperation, but the deal would take their strategic engagement to the next level.

Japan and India recently engaged in two important events in New Delhi. On July 6, annual foreign office consultations were led by Foreign Secretary Nirupama Rao and Deputy Foreign Minister Sasae Kenichiro. India's science and technology and strategic programs had suffered a major setback when Japan, along with other developed nations, slapped sanctions on India after it tested five nuclear devices in May 1998. Japan had suspended high technology trade with India since most of the technologies that India sought from Japan and the West were dual use technologies that could be put to civilian as well military use. Many Indian entities like the Indian Space and Research Organization (ISRO) and Bhabha Atomic Research Centre (BARC) had been blacklisted by these nations. Sustained diplomatic efforts finally yielded fruits for India when Japan removed these Indian entities from their negative lists, thus paving the way for high technology trade between the two countries.

The two sides also reviewed progress on India-Japan flagship projects such as the Dedicated Freight Corridor (DFC) and the Delhi-Mumbai Industrial Corridor (DMIC) and expressed satisfaction on the steady momentum in implementation of these projects.

The DMIC is a $90 billion investment involving Indian and Japanese capital and state investment that could transform India's economic landscape and strengthen business bonds between the two nations. The development, based on the Public-Private Partnership (PPP) model, will include a Dedicated Freight Corridor (1515 Kms) and an Industrial Corridor (150 Kms width on both sides of the DFC). The project will encompass a 400,000 sq. km area and will cover six states encompassing close to 17% of India's population. With completion scheduled for 2013, the implications above all for India's Northwest corridor are profound. Ports serving the Western Dedicated Corridor include Mumbai, Jawaharlal Nehru Port (Navi Mumbai), Pipavav, Kandla, Dholera, Navlakhi, Dahej, Mundra, Mandvi, Mahuva, Rewas, Dighi. In addition to augmenting such major ports as Mumbai, seven new ports are to be developed in Gujarat and Maharashtra with 19 rail links and 26 road links projected to promote port connectivity. Major airport expansion is also projected, with modernization of the Delhi and Mumbai international airports and creation of four new international airports and high speed rail linkage between Mumbai and Ahmedabad.

At the July foreign office consultation, Japan and India pledged to continue to cooperate to reform the United Nations Security Council, including the Group of Four (G4) framework. The G4 must rank among the most notable diplomatic blunders in recent past by Japan as well as the three other countries in the group – India, Germany and Brazil. The four nations joined together in 2004 to support each other's bids for permanent seats on the United Nations Security Council with veto power. Quickly they realized their mistake of not factoring in acerbic regional politics, including the China factor. Over 40 nations rose to oppose the G4 plan, forming the Uniting for Consensus movement, or the *Coffee Club*, led by Italy, South Korea, Mexico, Argentina and Pakistan, nations which would not tolerate seeing their respective rivals or arch-enemies at the high table of world politics.

Japan's bid was opposed tooth and nail by Asian neighbors China and South Korea; Germany's by its neighbors Italy, Spain and the

Netherlands. In consonance with regional rivalries, in Latin America, Argentina and Mexico opposed Brazil while in Asia, Pakistan and China thwarted India's bid. To add insult to injury, in the course of the debate, Japan and Germany were singled out for war crimes during the Second World War and Germany for the holocaust.

Japan became so bitter that in January 2006 it announced that it would not support resubmitting the G4 resolution and was working on a resolution of its own. It signaled the end of the road for G4 and the group has done nothing substantial since then. In short, G4 needs a ceremonial burial, which it has not yet received.

In May 2006 India and Japan put in place a structured framework of dialogue for defense cooperation and exchanges during the Indian Defense Minister's visit to Japan. Then in December 2006 a new chapter opened in India-Japan relations with the establishment of the Japan-India Strategic and Global Partnership. The two countries have subsequently been engaging with each other on practically every issue of importance – defense, joint naval exercises, anti-piracy, disaster management, high technology, transport, infrastructure, energy and the fight against terrorism and trans-national crimes. They have also been pursuing bilateral cooperation in existing multilateral frameworks in Asia, in particular the East Asia Summit, ASEAN Regional Forum (ARF) and Regional Cooperation Agreement on combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) processes. When Japanese Prime Minister Abe Shinzo visited India in August 2007, he and his Indian counterpart Manmohan Singh unveiled a Roadmap for New Dimensions to the Strategic and Global Partnership.

Since then there has been incremental progress in India-Japan bilateral ties and the two nations are engaged in a number of official dialogue mechanisms, covering a range of subjects. Ministerial-level dialogue mechanisms include Strategic Dialogue between External Affairs Minister and Japan's Foreign Minister, Policy Dialogue between Commerce and Industries Minister and Japan's Minister of Economy, Trade and Industry, and Energy Dialogue between Deputy Chairman of the Planning Commission and the Japanese Minister of Economy, Trade and industry. In November 2009, they agreed to an annual exchange of visits at the level of Defense Ministers, besides regular dialogues and exchanges at senior levels.

On July 6, 2010, the first-ever India-Japan 2+2 dialogue was held, led by Nirupama Rao and Defense Secretary Pradeep Kumar for India and Sasae Kenichiro and Vice Defense Minister Nakae Kimito for Japan. The Prime Ministers of the two nations had agreed to 2+2 consultations at senior officials' level in the Action Plan to advance Security Cooperation of December 2009. Japan became the first country with which India has held such 2+2 consultations.

According to the Indian Ministry of External Affairs, during the 2+2 consultations, each side provided the other with an exposition of its defense and security policies in the framework of their respective security environments. In this light, they reviewed the India-Japan Joint Declaration on Security Cooperation and the Action Plan to advance such cooperation. They discussed non-traditional threats to security and reviewed ways to strengthen cooperation in anti-piracy operations in the Gulf of Aden and holding of joint naval exercises. The next round of the 2+2 dialogue will be held in Tokyo in 2011.

Meanwhile, the two sides have established an extensive strategic cooperation mechanism which includes the following:

- Annual Strategic dialogue at Foreign Minister-level
- Regular Consultations between National Security Advisor of India and Japanese Counterpart
- Annual Subcabinet/Senior Officials 2+2 dialogue (Ministry of Foreign Affairs and Ministry of Defense of Japan / Ministry of External Affairs and Ministry of Defense of India)
- Foreign Secretary / Vice Minister level Dialogue (Basically twice a year)• Foreign Office Consultations (Basically once a year)
- Annual Comprehensive Security Dialogue at the level of Joint Secretary, Ministry of External Affairs (MEA) and Ministry of Defense (MOD) of India / Director General, Ministry of Foreign Affairs (MOFA) and Ministry of Defense (MOD) of Japan
- Maritime Security Dialogue
- Regular meetings of the Ministers of Defense
- Annual Defense Policy Dialogue at the level of Defense Secretary / Administrative Vice-Minister of Defense
- Regular reciprocal visits between Service Chiefs of both sides
- Annual bilateral naval exercises, alternately off India and Japan, to enhance cooperation and core capabilities for maritime operation and disaster relief
- Multilateral Naval Exercises, when possible
- Cooperation in anti-piracy operations between the Indian Navy and the Japanese Self Defense Force

Powerful economic and strategic factors warrant Japan signing the civilian nuclear cooperation agreement with India. Japan's huge government debt to the tune of nearly 200 per cent of its GDP is a warning bell that the government of Prime Minister Kan Naoto cannot ignore. A nuclear deal with India would open the lucrative Indian nuclear market to Japan.

Japan shed its nuclear inhibitions in September 2008 (following a great deal of persuasion by then US President George W. Bush) and voted in favor of an India-specific waiver at the Nuclear Suppliers' Group. In a sense, Japan lost its non-proliferation virginity at the NSG nearly two years ago. Moreover, India's track record in non-proliferation has been impeccable – in contrast to that of Pakistan.

In the coming year, Japan will cede to China the number two rank in the world economy. China poses the biggest strategic challenge to both Japan and India, neither of which is a potential security threat to the other in the near or distant future.

Indian strategists view with alarm not only China's surging economy, but also its expansive military thrust and infrastructural advance. China is moving at breakneck speed to build transportation infrastructure including roads, rail lines, airports and seaports

Pres. Bush and Prime Minister Singh

on the mainland, in Tibet and in India's neighbouring countries including Pakistan, Bangladesh, Sri Lanka, Nepal and Myanmar that threatens India with strategic encirclement. The Beijing-Lhasa rail link, completed in 2006, is just a precursor. In contrast, India will not be able to make the projected 345-km-long Jammu-Udhampur-Srinagar-Baramulla railway line operational till 2017. The Tibet rail network, with planned expansion to Nepal, enables China to amass large number of troops and war paraphernalia on Indian borders in a matter of days.

China has also unveiled plans to build a trans-Karakoram rail link to Pakistan through the Gilgit-Baltistan region which India views as an integral part of the original Jammu and Kashmir that has been contested with Pakistan for over six decades. The proposed nearly 700-km-long railway line will link Kashgar in Xinjiang province to Havelian near Rawalpindi in northern Pakistan through the Khunjerab Pass, further raising Indian strategic concerns.

Indeed, China's growing power lies behind the recent strengthening of India-Japan ties and US support for the evolving relationship.

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