

Japanese PM strengthens economic-strategic ties with India

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Japanese Prime Minister Shinzo Abe completed a three-day visit to India last Monday as part of a concerted campaign to forge closer economic and strategic ties with New Delhi. Abe's trip followed a tour by the Japanese emperor to India in December and a visit by Japan's defence minister in early January to strengthen bilateral military ties.

Underlining the importance attached to Abe's visit, India invited the Japanese prime minister as the chief guest at Republic Day celebrations last Sunday. A joint statement issued after Abe met with Indian Prime Minister Manmohan Singh "reaffirmed their resolve to further deepen the Strategic and Global Partnership between India and Japan."

Singh stated that "Japan is at the heart of India's Look East Policy," which is aimed at enhancing India's economic and strategic position in East Asia. Abe was just as effusive, declaring that "the relations between Japan and India have the greatest potential of any bilateral relationship anywhere in the world."

Abe's orientation to India is part of the US "pivot to Asia," aimed at isolating China in the region and militarily encircling it. Washington has strengthened relations with both India and Japan, and encouraged stronger ties between them.

Abe is also seeking to strengthen Japanese imperialism's economic and strategic position in India and more broadly in Asia. As part of his more assertive diplomacy, he has visited every country in South East Asia since coming to office in December 2012. Japan and India alike are concerned to counter the growth of China's economic and strategic influence.

Abe and Singh agreed for the first time to hold trilateral naval drills with the US—something that New Delhi was previously reluctant to do out of concern for alienating China. In December, India and Japan

conducted their first bilateral naval exercise off southern India, followed by joint coast guard manoeuvres in the Arabian Sea this month. The two prime ministers also decided to conduct regular meetings between India's National Security Council (NSC) and Japan's newly-established counterpart.

New Delhi underscored the status of its relations with Tokyo by inviting Japan to invest in key projects in strategically sensitive areas. These include India's northeastern states of India, where Chinese investments are banned. Japanese companies will be permitted to invest in road building, agriculture, forestry, water supply and sewerage. The move is likely to antagonise China, which claims the Indian state of Arunachal Pradesh and in 2007 opposed an Asian Development Bank loan for development works in what it described as "disputed territory."

India's northeastern states also form part of a potential land transport corridor from India through Burma to South East Asia. India has further invited Japanese companies to invest in building a new port at Chennai, the capital of the southern Indian state of Tamil Nadu. Both projects are part of what a recent *Times of India* article described as a "larger strategic matrix" to form "an alternative supply chain network, giving Asia a viable alternative to the China-dominated networks currently in play."

India has asked for Japan's help in a joint venture with Sri Lanka to build a thermal power plant in island's eastern province. New Delhi is deeply concerned about China's growing influence in Sri Lanka following Beijing's unconditional political and military support for Colombo's war against the separatist Liberation Tigers of Tamil Eelam (LTTE) that ended in 2009.

For Japan, India represents not just a significant

strategic ally, but a potential alternative cheap labour platform to China. For India, Japan is a strategic partner against China, as well as a major source of investment funds under conditions where the Indian economy is slowing, the value of the rupee is falling, and the country faces a looming current account crisis.

India's very positive reception for Abe reflects ongoing worries about its strategic partnership with Washington. While India has moved closer to the US, the Indian ruling elites are concerned about US bullying over issues such as relations with Iran and continuing close US ties with Pakistan, and the danger of being exploited as a US pawn in a conflict with China.

The Indian media and think tanks were virtually unanimous in supporting closer ties with Japan. An opinion article in the *Times of India* proclaimed: "Not only does India need a modern industrial base, both India and Japan need a hedge against an increasingly powerful and assertive China which strongly presses land and sea claims against neighbours."

K. Shankar Bajpai, former External Affairs Ministry secretary, bluntly declared: "Japan is clearly wishing us well, as we wish it for them. There is no point in pretending that China does not drive us both more than our bilateral hopes might do otherwise, but there is no harm in that reality. We can both honestly say we are not building relations in hostility against China; but it is right and proper for us to examine what to do if China acts in hostility against us."

Abe, for his part, clearly views India as central to his strategy of strengthening Japanese imperialism. In his 2007 book, *Towards a Beautiful Country: My Vision for Japan*, he said it would not surprise him if "in another decade, Japan-India relations overtake Japan-US and Japan-China ties." That vision is still far from being achieved. Despite a 2012 free trade deal between the two countries, two-way trade was just \$18.61 billion in 2012–13, compared to Sino-Japanese trade of \$340 billion.

Abe's aim to build up India as a cheap labour alternative to China is beginning to take shape, however, with a sharp rise in foreign direct investment, particularly in infrastructure. Japanese companies have reportedly pledged more than \$90 billion in investment, although much is yet to be realised.

According to the Indian government, Japanese

companies made \$12.66 billion worth of investments in India between April 2000 and June 2012. "This accounted for 7 percent of total FDI [foreign direct investment] inflow into India and made Japan the fourth largest investor in India. The number of Japanese affiliated companies in India has grown significantly over the last five years and nearly 1,000 Japanese companies are operating in India."

Although undoubtedly paying close attention to Abe's visit to India, China's response has been muted. Chinese foreign ministry spokesperson Qin Gang noted the "development of defence cooperation between both countries." He pointedly added the hope that this would be "conducive to the peace, stability and security of the whole region."



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