

Toward a More Matured Japan-India Partnership

July 14, 2020

<As Delivered>

<Opening>

- Good morning to everybody. I'm really delighted to be here with you today. Thank you for giving me this opportunity to talk about Japan-India partnership in the post-COVID world. I'd like to share Japan's view of where Japan-India partnership stands today, where it should be heading for in the coming years, and how we can get there.
- Let me begin with providing the historical context of our relationship. In the summer of 20 years back, Prime Minister Yoshiro Mori was in Delhi. It was the first visit to India by a Japanese Prime Minister in 10 years then. This historical visit broke the ice of then stalled bilateral relations due to India's nuclear test in 1998, and Japan-India Global Partnership was agreed on.
- Since this visit, both Japan and India have made tremendous efforts to promote our relations for two decades, and transformed it into what we call today a "Special Strategic and Global Partnership." As I have always said since I took office last November, the current Japan-India relationship is stronger than ever, and further expanding in all aspects including the political, economic, and cultural fields. The personal

chemistry of the two leaders has provided additional momentum to this trajectory. In the defense and security sector, we had the first ministerial 2+2 meeting last November. All three services of our forces regularly conduct joint exercises as Dr. Forbes just mentioned. Negotiations on ACSA, Acquisition and Cross-Servicing Agreement, are under way. In the economic sector, Japanese businesses have been expanding their presence in India. The total number of the Japanese companies in India stands at more than 1400.

<Toward the Post-COVID Era>

- And, now, in 2020, the COVID-19 crisis shook the world. The impact is forcing us to re-evaluate our strategies and re-position ourselves to the new reality.

- Then, how can our “Special Strategic and Global Partnership” adopt to our present day challenges? Standing at this critical juncture, I believe Japan-India partnership bears an increasing relevance. As two biggest democracies in Asia with the tremendous strategic convergence, we should further enhance our relations and usher ourselves into a more matured partnership which is more inter-twined, interdependent, and indispensable for each other. In this regard, today, I’d like to highlight some of the areas in which we can further strengthen our cooperation.

<Economic Cooperation>

- First, economic side: The COVID-19 pandemic poses not only a health crisis but an economic one. The global supply chain exhibited its vulnerabilities and the economic downward pressure is tremendous as you see.

- I would say, in the midst of this comes the room for further strengthening Japan India economic partnership, which is yet to perform its full potential. Although Japanese businesses in India are expanding, they still feel a lack of a better business environment. I am pleased to see that India has ascended to 68th in Global Competitive Index Ranking; but, to be frank, it still lags behind from some countries of ASEAN. Now that Japanese businesses started to feel the need to diversify their supply chains by creating new production bases abroad, I think Delhi's renewed efforts to substantially improve the business and investment environment will enable itself to seize this moment and see more Japanese companies moving into India.

- And I am not alone in advocating the importance of such economic reforms. I am pleased to be with Mr. B J Panda today, who wrote an insightful column in May. After elaborating on the geopolitical shift over the past decades, Mr. Panda emphasized that in order for India to take advantage of today's opportunities, "the policy reforms are the key." He says "making available large chunks of land, rejigs in labor and other laws, and especially opening up all sectors to private investment

are what India has long needed.” I completely agree with his view.

- If I were to add to what Mr. Panda suggested, it might be a good idea for Delhi to look at what India’s competitors such as ASEAN countries are doing to attract Japanese investment. India must look at itself and ask questions like ”Am I more attractive than the ASEANs in the eyes of Japanese companies?” The ASEANs themselves are actively taking various measures to make their nations an even more attractive production base. For instance, Malaysia and Thailand have streamlined investment procedures with a single government body, “one-stop center,” to oversee all foreign investment. This could circumvent cumbersome bureaucratic procedures. They even deployed their branche offices in Japan. Could this system be replicated in India? I also would like to point out that the volume of India’s export to Japan is less than one third of that of Indonesia, Thailand, or Vietnam. Whereas these three countries have roughly the same volume of import from Japan, somehow only India has a huge trade deficit vis-à-vis Japan. This fact would also give some hints about what India should do. India should not be in a waiting mode anymore.
- Prime Minister Abe always says “a strong India is in Japan’s interest, and a strong Japan is in India’s interest.” I want to stress that India has become

stronger and transformed itself into the 5th largest world economy thanks to globalization and free trade. Of course, becoming stronger is not costless. But meaningful reforms and right policies will bear fruit. We are closely watching how “Self-Reliant India”, recently espoused by Prime Minister Modi, can make real impacts through well-crafted policies.

- As a true friend, Japan will also continue to support India as its largest provider of ODA, Official Development Assistance. We are hoping to assist India’s fight against COVID-19, effectively combining various tools. We are a partner for major projects, including the Mumbai-Ahmedabad High-Speed Rail, which would spur the Indian economy by generating sizable employment and realizing technology transfer. This technology transfer is one of the key words in our ODA concept. We want to support India becoming truly self-reliant.

- So, my message is quite simple. I want to see India get even more economically connected at a time of difficulty, rather than shutting itself away. I want to see India take decisive policies to this end. You will find your natural partner in Japan in your quest. I also wanted to add that Japan looks to how we can strategically explore to be better connected through newer technologies like 5G. Our shared vision for a free and open Indo-Pacific is also about connection based on the

rules of law. We are proud to be partnering with India for the connectivity projects in such countries as Bangladesh and Sri Lanka.

<Strategic, Security and Global Area >

- Now on strategic and security side: It was in the midst of the COVID crisis that the current India-China stand-offs in the eastern Ladakh began. I extend my deepest condolences to the entire people of India and the families of the Indian soldiers who lost their lives. Japan does not want to see escalation between the two big powers in Asia, and hopes for peaceful resolution through dialogues. I also would like to reiterate that Japan opposes any unilateral attempts to change the status quo.
- The strategic convergence between us has become even more obvious. Japan and India share the common strategic goal of maintaining a rules-based international order where there is no room for any unilateral attempt by force or by coercion to change the status quo. Be it in the India-China border areas, in the South China Sea, or in the East China Sea, this principle holds the same. I believe Japan and India should further deepen our policy coordination based on such strategic convergence, not just on the matters in this region but anywhere in the world where our shared principle is at stake.

- One particular area to deepen our bilateral cooperation can be found at sea. Maintaining open, safe and efficient sea lanes of transportation and communication is crucial in a globalized world. Japan and India, two powerful maritime nations in the Indo-Pacific, should work together closely with other partners in ensuring freedom of navigation and overflight, as well as maintaining safe and stable sea lanes. Even during the pandemic, our naval fleets, India and Japan, conducted joint training in the Indian Ocean at the end of last month. India joined a multilateral joint naval exercise in the South China Sea last year. I hope to see more of these kinds of collaboration.

- Also in diplomacy, Japan and India can further expand its coordination in the Indo-Pacific and beyond. The Quad is one of the frameworks for strategic discussions among like-minded countries to work together towards the shared vision of a free, open, and inclusive Indo-Pacific. The four countries have not only upgraded this framework to the Ministerial level but also initiated practical cooperation such as the table top exercise on counter terrorism. Also, in the midst of the COVID crisis, the so-called Quad-plus meetings were held online at the Ministerial as well as Secretary level to discuss how we can address this global issue together.

- Such partnerships among like-minded countries are our

great diplomatic asset where we are faced with serious, common challenges of our time in the Indo-Pacific and beyond. Japan welcomes that India has been strengthening its partnership with countries like the United States and Australia as shown in the recent summit meetings. We will work together with our partners, including India among others, further closely through the Quad and other frameworks.

- In order to align our policies, further expanding strategic policy dialogue would be truly beneficial to get a better understanding of each other's strategic thinking. Our Prime Ministers, Foreign Ministers, and National Security Advisors have had fruitful discussions, but we can be more ambitious. First and foremost important one is to discuss grand strategy in the post-COVID pandemic world and we will be engaged in such discussions.

<Closing>

- What I have laid out so far is only a part of our agenda, and there are so many more venues for us to deepen our partnership, one of which is, as Dr. Forbes mentioned at the outset, people-to-people ties. I think there are many ways to improve it. I would like to end at this point my remarks by reaffirming my determination to elevate our bilateral relationship to an even higher level. Thank you very much.

