

US-Japan-India Relations: Prospects and Challenges

July 29, 2014

EXECUTIVE SUMMARY

On July 29, Stimson hosted Takaaki Asano, Research Fellow at Tokyo Foundation, and Satu Limaye, Director of the East-West Center, for a public seminar event on US-Japan-India trilateral relations. Yuki Tatsumi, Senior Associate at the Stimson Center, served as moderator.

Asano began his remarks by describing Japan-India relations as the weakest side of the US-Japan-India triangle. At the same time, he pointed out that Tokyo and New Delhi have recently been gravitating towards each other. The management of this bilateral relationship will become a test case for Japanese foreign policy – whether Prime Minister Abe will succeed at making it more proactive and strategic. Key recent developments in Abe’s foreign policy have been part of efforts to expand Japan’s strategic horizons by strengthening ties with India, Australia and ASEAN countries. The Japanese government has reinterpreted Article 9 of the Japanese constitution and adopted a new policy on the transfer of defense-related equipment and technologies.

Asano suggested that the future of Japan-India relations may illustrate how Japanese foreign policy adapts to a changing strategic environment and utilizes these new policy tools. Economically too, Abe’s policies differ from those of previous governments. Japan joined the TPP negotiations with a view to expanding its economic relations beyond China and ASEAN. The Japan-India economic relationship will also serve as an indicator of Tokyo’s success in parting with Japan’s passive, defensive trade policy. He then provided the historical context, discussing how Japanese and Indian mutual perceptions of each other have been positive, but despite this fact, substantial political engagement did not begin until the 1990s, due to the legacy of the Cold War. The India-Japan relationship did not develop smoothly, as a result of India’s nuclear program. However in 2000, Tokyo and New Delhi agreed to establish a global partnership, which was eventually upgraded to a strategic global partnership. Since then, Japan has participated in the US-India naval exercises Malabar a number of times and has held summit meetings with Indian leaders almost annually. With Prime Ministers Abe and Modi in their respective offices, the relationship is expected to deepen further.

In Asano’s view, for Abe, geopolitical calculus comes first when it comes to Japan-India relations: the rise of China, fear of American retrenchment and the need for an updated security and economic governance structure in Asia all condition Tokyo’s enthusiasm for a closer relationship with New Delhi. However, Modi is more interested in economic achievements: he must first stabilize India’s fragile economy in order to secure some space for maneuvering in foreign policy. Modi is counting on increased Japanese investment and technological assistance in order to achieve this goal. Both Abe and Modi have successfully generated political momentum and must now work towards institutionalizing the bilateral relationship.

Asano concluded his remarks by identifying two avenues to strengthen Japan-India relations. The first is defense equipment procurement, since Japan has recently relaxed its policy on arms exports. The

second is civil nuclear energy; Japan and India have not yet signed a civil nuclear cooperation agreement. India recently ratified the IAEA additional protocol, which may help realize a civil nuclear cooperation agreement.

Limaye made the following points on the US-Japan-India relationship: (1) US-India and Japan-India relations are quite new, making them a prospective area for cooperation but simultaneously meriting certain caution when assessing the relationships. (2) In contrast with China, India has not played a role in the US-Japan alliance dynamics historically. (3) There are two important angles to conceptualize the US-Japan-India triangle: the conventional cooperation mechanisms, such as the trilateral meetings, and the more mature, developed US-Japan alliance framework. (4) India will be a test case for Japan as well as for the US – how Washington deals with New Delhi as an emerging partner. (5) Washington's assistance is an opportunity for India for its integration and globalization, especially in the East Asian context. (6) Cooperation on maritime issues is the most prospective avenue for trilateral coordination.

Regarding potential hurdles for US-Japan-India cooperation, Limaye stated that India enjoys political autonomy, while Japan desires autonomy within the US-Japan alliance, creating discrepancy between Tokyo and New Delhi's approaches. Another problem is the lack of economic convergence between the three countries. The perceptions of and approaches to China among the three countries are also different: while all of them will likely hedge against Beijing, Japan is likely to be more upfront. Lastly, it is yet unclear where the US, Japan and India can cooperate on multilateral institutions in the Asia-Pacific – the US may have less comfort in regional institutions than Japan and India do. Finally, each of the three countries has issues much closer to home to deal with than those that exist in the trilateral.

Some discussion followed regarding China's role in the trilateral. One question concerned Modi's decision to visit Beijing while postponing his visit to Tokyo. Asano responded that there is no competition between Japan and China regarding India. Modi's visit was postponed in order to give his side more time to prepare for the summit. Tatsumi described China as an element bringing certain cohesion to the US-Japan-India triangle and questioned what may happen if perceptions regarding China began to diverge. Limaye responded that China has not done anything yet that changes the current policy trend of hedging and deterrence. The US has not confronted Beijing while Japan is closer to that point – there is a difference of opinion. India, having fought a war with China and lost, will not confront China. Asano responded that the US-Japan-India trilateral would not lose its relevance even if the China factor were gone. There will always remain other issues the three countries can cooperate on.

Regarding Southeast Asia, Limaye noted that in the past, India was not part of Southeast Asia politically, diplomatically or militarily, but now it is. It has grown increasingly active through participation in joint exercises and regional forums. Japan has a long history of involvement in the region. Superficially, Japan and India may share deep concerns about Chinese assertiveness in Southeast Asian maritime disputes, but neither have a *locus standi* in the South China Sea disputes, so they should be viewed more as important littoral states with an interest in freedom of navigation and rule of international law. Asano agreed, adding that Japan is trying to establish a cooperation network in Southeast Asia, with HA/DR and coast guard cooperation as the main focus. Japan's constitutional constraints make it hard for Tokyo

to provide substantial security assistance, so it prefers to cooperate through the “softer side” of security and include allies such as the US and Australia in cooperation frameworks.

Pakistan and South Asia’s relevance were also raised, especially concerning Pakistan’s views of US-Japan cooperation with India on missile defense. Asano remarked that Japan lacks broader vision of how to approach South Asia as a region. He acknowledged Tokyo’s lack of perspective on how such cooperation may be viewed in Pakistan but also expressed hope that Abe’s forthcoming visits to Bangladesh and Sri Lanka will help Japan develop a comprehensive vision vis-à-vis South Asia. Limaye responded that India is essentially pursuing an indigenous missile defense system and it would be hard to see missile defense having any great impact on the India-Pakistan relationship any time soon.

One question posed whether the US might apply any lessons learned from other trilaterals to the US-Japan-India relationship. Limaye pointed out that in all other meaningful US trilaterals, the two partners are invariably US allies, which is not the case with the US-Japan-India triangle. Also, while neither Japan and the ROK nor Japan and Australia are technically allies, their weapons acquisition, exercise profiles and habits of cooperation are more similar than those of Japan and India. Given India’s insistence on autonomy and Japan’s desire for strategic autonomy within the alliance, the US may have to learn to have more space within the alliance.

Regarding where Japan and India fit well in terms of matching up their strengths and weaknesses, Asano responded that economy is a field where Japan and India complement each other. Japanese companies can help achieve Modi’s goal of strengthening India’s economy, and at the same time, Japan is seeking to expand its supply chain network beyond China and ASEAN, making India an opportunity for Japanese businesses. To make this happen, the two governments need to provide impetus to this process. While Limaye acknowledged the complementary nature of Japan and India’s economies, he remained cautious. He noted that for Japan, Thailand is the key prospect. Limaye described the future of Japan-India relations to be politics, security and, to a certain extent, diplomacy – not economics. Asano disagreed, noting Modi’s hope for a deeper economic relationship with Japan, while many Japanese businesses also hope for his success in improving India’s business environment.

A question was raised in regards to the establishment of new international institutions as the BRICS bank and India’s role in it. Limaye cautioned that the world is going through an era when more rival order-building and institutions-building will take place. One reason is that the international system is now distributing and democratizing power. International actors will attempt to become members of different clubs at the same time, and so India, China and other countries will try to maximize their advantages by using institutions and orders that serve them in particular purposes. Limaye noted that sometimes the United States and Japan will disagree with India, adding that even Washington and Tokyo have had differences about institution building. Asano stated that the numerous multilateral frameworks now existing in East Asia could eventually lead to the establishment of an updated WTO regime.