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**Japan's Foreign Policy towards India:
a Neoclassical Realist Analysis of the
Policymaking Process**

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degree of Doctor of Philosophy (PhD) in Politics and International Studies
at the University of Warwick.*

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Abbreviations

ADB	Asian Development Bank
APEC	Asia-Pacific Economic Community
AFP	Arc of Freedom and Prosperity
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BRICs	Brazil, Russia, India and China
BOP	Balance of Payments/Bottom of the Pyramid
CCP	Chinese Communist Party
CCS	Chief Cabinet Secretary
CEPA	Comprehensive Economic Partnership Agreement
CTBT	Comprehensive Test-Ban Treaty
DFC	Dedicated Freight Corridor
DfID	Department of International Development
DMIC	Delhi-Mumbai Industrial Corridor
DPJ	Democratic Party of Japan
EAS	East Asia Summit
FDI	Foreign Direct Assistance
FII	Foreign Institutional Investor
FMCT	Fissile Material Cut-Off Treaty
GDP	Gross Domestic Product
IAEA	International Atomic Energy Agency
IOR	Indian Ocean Region
IR	International Relations
JBIC	Japan Bank for International Cooperation
JCCI	Japan Chamber of Commerce of India
JCG	Japanese Coast Guard
JDA	Japan Defense Agency (until 2007)
JETRO	Japan External Trade Organisation
JICA	Japan International Cooperation Agency
LDP	Liberal Democratic Party
MDG	Millennium Development Goals
MEA	Ministry of External Affairs (India)
METI	Ministry of Economy, Trade and Industry (Japan)
MLIT	Ministry of Land, Infrastructure, Transport and Tourism
MHI	Mitsubishi Heavy Industries
MOFA	Ministry of Foreign Affairs (Japan)
MOD	Ministry of Defense (Japan)
MOF	Ministry of Finance (Japan)
MSDF	Maritime Self-Defense Forces (Japan)
NCR	Neoclassical Realism
NGO	Non-Governmental Organisation
NPT	Non-Proliferation Treaty
NSDG	National Security Defense Guidelines
NSG	Nuclear Suppliers' Group
NWS	Nuclear-Weapon States

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OCED	Organisation for Economic Cooperation and Development
ODA	Overseas Development Assistance
PPP	Public-Private Partnerships
PSI	Proliferation Security Initiative
ROK	Republic of Korea
SDF	Self-Defense Forces
SLOC	Sea-lanes of Communication
TPP	Trans-Pacific Partnership
WB	World Bank
WMD	Weapons of Mass Destruction
WTO	World Trade Organisation
UN	United Nations
UNSC	United Nations Security Council

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Declaration

I declare that this thesis has been entirely my own work and follows the guidelines provided in the Guide to Examinations for Higher Degrees by Research of the University of Warwick. The dissertation has not been submitted for a degree at another university and any errors within are entirely my own.

Victoria Tuke

Abstract

This thesis analyses the formation of Japanese foreign policy through the case study of relations with India. The study concentrates on three streams of Japanese diplomacy; namely economic relations, nuclear policy and security issues through the theoretical framework of neoclassical realism (NCR). This approach, considered the 'third generation' of the mainstream paradigm, utilises neo-realism's focus on structural factors and ultimately places primacy on systemic forces. Yet NCR seeks a more nuanced appraisal of foreign policy and incorporates internal structures into analysis.

The dissertation argues that structural factors including India's economic growth, the rise of China and facilitation provided by the US, initiated interest in India and continues to shape the development of policy. 'China-hedging' does not provide the only rationale. Furthermore, whilst structure is vital, with differing influential weight dependent on policy, it is unable alone to explain the exact nature and timing of policy decisions. In order to achieve this, the domestic 'black box' needs to be explored through analysis of unit-level variables such as policymakers' perceptions, business interests, public opinion and norms. Elites in Japan have been particularly slow to appreciate India's strategic worth despite favourable environmental conditions. The business community is noted as an important influence but whilst public opinion plays a minimal role overall, the prevalence of norms is able to dictate how policy is framed.

The scope of the research project is confined to approximately the past two decades, though attention is given to historical relations to place contemporary analysis in context. Empirical data was sourced from academic, government and media outlets in addition to extensive interview fieldwork in Tokyo, Delhi, London and Washington DC.

This thesis contributes to a nascent literature on an increasingly important area of not only Japan's diplomacy but the regional dynamics of region no scholar of international relations can ignore.

1. INTRODUCTION

Japan's strategic direction has perplexed analysts for decades. Is Japan retreating into its shell or projecting ever-greater power abroad and even remilitarising? The devastating events in March 2011, following the Tohoku earthquake further raised the question of Japan's position and purpose.

Asia is today at the centre of global attention. The changes brought to the international system following the demise of the Soviet Union, contributed to the emergence, or 're-emergence' of China, Japan and India as powers with great ambitions for influence and stature.¹ Goldman Sachs once predicted that by 2020 China would rank second to the US in GDP terms, followed by Japan then India.² In fact by early 2011 this first achievement was reached when Japan's economy was recorded to be worth \$5.47 trillion whilst that of China was approximately \$5.8 trillion.³ In 2009 Asia accounted for 25% of global GDP and is projected to represent 40% by 2030. As Mahbubani notes, there is an 'irresistible shift of global power to the East'.⁴ Despite the financial and economic crisis since 2007, Asia has fared relatively well and continues to be widely considered the power-centre of the future.

¹ Robert Kagan, *The Return of History and the End of Dreams*, (Atlantic Books: London, 2008) p. 36

² Goldman Sachs, 'The N-11: More Than An Acronym', *BRICS and Beyond*, (November 2007)

³ 'China overtakes Japan as world's second-biggest economy', *BBC News*, 14 February, 2011, <http://www.bbc.co.uk/news/business-12427321> (Accessed on 14/02/11) Previously China had claimed this overtaking would occur earlier than Western economists foresaw, only to be rebuked on the grounds that Chinese statistics were unreliable. It is estimated that on current growth rates, China will surpass the US in a decade. Ibid.

⁴ Kishore Mahbubani, *The New Asian Hemisphere: the irresistible shift of global power to the East*, (New York: Public Affairs, 2008)

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What are Japan's twenty-first century aspirations in this new Asian era? Are they as simple as the choice between being an introvert or extrovert nation? Through critiquing Japan's policy towards India, this study contributes to the debate over what kind of international actor Japan is and aspires to be.

Two decades ago, following the breakdown of bipolarity in which Japan's economy had benefited and security been assured, Tokyo was forced to reassess its global and regional role. For the majority of the post-war period, Japan's external relations were designed through economic rather than political considerations. With the US as a constant ally, Tokyo had little need to forge other security relationships. Subsequently Japan hesitated to take a leadership role in the region, considering its wartime behaviour a further barrier. Scholars have since contested whether Japan's policy has been selfishly neo-mercantilistic⁵ or beneficial to the region's economy. Recently however, Japan has made greater moves towards developing its diplomacy through adjustments in the role of its military and participation in the plethora of new regional institutions.⁶

This thesis sets out to analyse the formation and implementation of Japanese foreign policy through the case study of relations with India. This objective is achieved through the theoretical framework of neoclassical realism (hereafter NCR) and extensive interview fieldwork. Following the context of the study above, this introductory chapter defines the research objective and status of existing literature. The chapter then identifies the contributions, which the thesis sets out to make and explanation of

⁵ Eric Heginbotham and Richard J. Samuels, 'Mercantile Realism and Japanese Foreign Policy,' *International Security* 22, No. 4 (Spring 1998), pp. 171–203

⁶ Japan's role in the establishment of the ASEAN Regional Forum in 1994 for example, demonstrated Japan's realisation that a new approach was needed.

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research methods. To conclude, the organisation of the remainder of the thesis is provided with justification for the chosen case studies.

I. Research Objective

At first glance, Japan and India seem natural partners. Located on the periphery of Asia, they have both looked to the West for social, political and economic models.⁷ Politically they are both established democracies with until recently, dominant, unchallenged political parties.⁸ As Pant recognises, both states are ‘examples of how economic growth can be pursued in consonance with democratic values’.⁹ Moreover, Japan and India share no territorial disputes, which for many bilateral relations represent a substantial obstacle.

Yet warm ties have been absent for the majority of the post-war era for primarily two reasons. As this thesis will demonstrate, in previous decades the structural environment of the international system has not facilitated close relations. The second reason has been economic. India has not been a major purchaser of Japanese exports or attracted much Japanese investment, particularly in the 1980s during Japan’s ‘investment boom’. Tokyo’s contact with Delhi, during the Cold War and its immediate aftermath, has been largely confined to foreign aid.

⁷ Satu Limaye, ‘Japan and India after the Cold War’, in Yochiro Sato and Satu Limaye eds., *Japan in a Dynamic Asia: Coping with the New Security Challenges*, (Lanham; Lexington Books, 2006), p. 225

⁸ The DPJ took power in August 2009 and the ruling Congress Party in India have experienced depleting popularity following several corruption scandals.

⁹ Harsh Pant, ‘India Looks East and discovers Tokyo’, *Rediff News*, 21 October, 2008, <http://www.rediff.com/news/2008/oct/21guest.htm>, (Accessed on 03/01/09)

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Economic diplomacy remains Tokyo's main foreign policy tool but as post-Cold War and post-9/11 pragmatic considerations develop, Japan has sought to elevate ties with India to the strategic level. This study explores the reasons behind Japan's hesitant and recently active stance towards India in order to draw conclusions as to what Tokyo's India policy suggests about Japan's wider foreign policy.

Japan's India diplomacy is a particularly useful case for analysing Japanese policy due to its dramatic changes in recent decades. Japan's approach to India has spun from severe condemnation and sanctions to one where India is seen as a key regional and global partner. Consensus considers Japan to have been 'behind the curve' in noticing India and subsequently 'playing catch up'. The reasons behind the paucity of scholarship are therefore understandable. The acceleration in activity over the previous decade, however, demands academic attention.

The analytical objective guiding this study is to identify what factors, at both the systemic and domestic-level have induced Japan's formulation and implementation of policy towards India over the period of investigation and to elucidate how various pushes and pulls have interacted. The influence of both levels on policymaking is generally accepted; however, what requires analysis is the extent to which one supercedes the other. The central questions this study therefore sets out to analyse are:

- 1) What attracts Japan to improving relations with India?
- 2) To what extent have structural forces determined the formulation of policy?
- 3) How have unit-level factors interacted with structural imperatives?

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- 4) Specifically, which actors/determinants have proved decisive in bringing relations to their expanding 'strategic partnership'; does this differ according to the policy in question?
- 5) What can analysis of Japan's economic, nuclear and security strategy towards India identify about the nature of Japanese diplomacy?
- 6) Does NCR offer a viable framework for this question?

Due to the breadth of potential topics, it is essential to define the scope of the current research endeavour. Previous studies have combined India with its neighbours; with the regional term 'South Asia' but the focus of the present study is Japan and the Republic of India (hereafter 'India'). More specifically, this study's focus lies with Japanese foreign policy not that of India, or Japan-India relations, which would require separate investigation. Whilst the author has given consideration to India's reception of Japan's policy, the majority of attention remains with Tokyo and its policymaking elite.

The timeframe will concentrate on the contemporary period, roughly between 1998 and early 2011, with some reference to earlier decades for context. Despite India's 1991 economic liberalisation reforms, these were slow to show results so it was the Pokhran Nuclear Tests in May 1998 which decisively brought India to the attention of Japan. Relations that had remained cordial suddenly entered a dark era, only partially lifted in August 2000 when Prime Minister Mori visited India sparking a new chapter in India-Japan relations. Annual meetings between prime ministers and VIP visits followed, before in October 2008, a 'Joint Statement on the Advancement of the Strategic and Global Partnership between Japan and India' and a 'Joint Declaration on Security Cooperation between Japan and India' were signed. This marked only the third time

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Japan confirmed a security pact following those with the US and Australia. Additional significant agreements have been concluded since then, including the launch of negotiations into the trade of nuclear technology (June 2010) and signing of a Comprehensive Economic Partnership Agreement (CEPA) in February 2011. The empirical investigation will thus terminate in mid-2011. This allows scope to incorporate the influence of Japan's 'new' political administration under the Democratic Party of Japan (DPJ), and immediate aftermath of the March 2011 earthquake, tsunami and nuclear disaster.

II. Why does this research problem matter?

This case study represents a timely yet under-researched example of Japan's post-Cold War diplomacy. Despite the post-Cold War optimism of Fukuyama's 'The End of History', great power politics continue to dominate the international system, with Asia in particular a region of vying interests. No government in the region wants open conflict with another so how each deals with competing interests is an important area for students and practitioners of international relations. Japan is the world's third largest economy, a leading industrial power, contributor to international institutions and mature democracy; how it interacts with the region is of vital significance. The topic therefore sheds light on how Japan is dealing with fast-changing power dynamics, including evolving levels of US activity, a growing presence of China and on the domestic-level a new political climate under the DPJ.

The repercussions of Japanese policy also have influence wider afield given the importance of the US-Japan alliance for regional stability, the response of Beijing to

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Tokyo's diplomacy and what can be ascertained regarding US interests in the region. This research explains an aspect of Asian regional dynamics often neglected by both scholarly and media literature, despite the importance of its trajectory. It is clear that Japan is broadening the scope of its diplomacy, whilst adhering to traditional streams such as reliance on the US-Japan alliance and interest in economic development.

III. Literature Review

A survey of the current literature shows that the majority which address both India and Japan's foreign policy refers to each state's bilateral relations with the US, Russia (former Soviet Union), China, Southeast Asia, the Middle East and Africa.¹⁰ South Asia is a new and overlooked aspect of Japan's post-Cold War policy but one no less worthy of analytical attention.

Studies which have included both Japan and India, even under the umbrella of 'South Asia' have predominantly focused on religious and cultural comparisons related to the introduction of Buddhism to Japan.¹¹ The shared existence of democratic parliamentary systems and frequent coalition governments has also produced some research.¹² Literary exchange has been an additional topic, as have comparisons of Indian and Japanese societies¹³ and the role of women.¹⁴

¹⁰ See Chris Alden and Katsumi Hirano (eds.), *Japan and South Africa in a Globalising World: A Distant Mirror*, (London: Ashgate Publishing Ltd, 2003)

¹¹ Bhushan Verma, *Indo-Japanese Relations: Challenges and Opportunities*, (Kanishka; Delhi, 2004) p. 208

¹² In 1994, Takako Hirose wrote a comparative study of the single predominant party systems of India and Japan. The work shed light on some interesting similarities between the two systems, for example how they have both managed to maintain parliamentary democracy, an exception within Asia, whilst maintaining distinct culture and modernising. Kesavan has also addressed similarities in political systems in order to 'foster closer understanding between the two countries'.

¹³ Ghosh cited in Rajaram Panda and Kazuo Ando eds., *India-Japan: Multidimensional Perspectives*, (New Delhi: Japan Foundation, 1997)

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During the post-war period publications were interested in primarily economic relations. A number of studies looked at Japan's relations with Bangladesh from the perspective of Japanese aid contributions¹⁵ and Mali made a valuable addition with a study of Pakistan-Japan relations.¹⁶ However, in stark comparison, very few have explored relations with Bangladesh's immense neighbour, India. Stockwin believes this dearth is 'largely because the substance of relations has been comparatively thin.'¹⁷

A significant contribution was made by Purnendra Jain with *Distant Asian Neighbours, Japan and South Asia* in 1996. In this study, Jain concludes that Japan's policy towards India is designed to balance against the rise of China. Increases in China's defence spending and continuing tensions between Japan and China encouraged Japan to look for other potential friends. Whilst Jain's work provides a useful starting point, the influence of China is overstated. The thesis will depart from such a narrow focus by pointing to other potential influences on Tokyo. In Jain's book for example, little attention is paid to the internal dynamics within Japan or to other structural factors like the role of US policy. The publication is also not a single-authored book but a collection of essays, not all authored by Japan specialists. Furthermore, the value of this study for contemporary understanding is limited due to its publication date. As this thesis will demonstrate, particularly in Chapter 7, the nuclear tests which India conducted in 1998 disrupted the minor progress witnessed by 1996.

¹⁴ Lalima Varma in Ibid.

¹⁵ Japan-Bangladesh relations have received far greater attention. Early in 1972, before even than the US, Japan formally recognised Bangladesh's independence from Pakistan. Since then, Japan has been the single largest donor of aid, resulting in Japan being deemed an 'aid great power'.

¹⁶ Through an empirical and historical approach, Malik reflects on the evolution of Pakistan-Japan relations from one purely economic, to increasingly strategic under US leadership during the Cold War and since. Malik finds a similar lacuna in the literature with the majority focusing on the historical, religious and economic aspect of Japan's relations with South Asia..

¹⁷ J.A.A. Stockwin quoted in Jain, *Distant Asian Neighbours*, Foreword

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As relations between Japan and India widened, somewhat surprisingly little appeared on the subject. Studies were compiled, which assessed the bilateral relationship from economic, social, cultural and political angles but these were often produced with Indian contributors and focus.¹⁸

An exception to the above can be found in Limaye, which as part of a newly created 'South Asia' section of the Japan Institute of International Affairs, contributed by assessing Tokyo's reactive and unforeseen dynamism following the 1998 tests.¹⁹ More recently, Pant has addressed the 'newfound intimacy' between Japan and India.²⁰ Pant's analysis approaches the subject from a different angle, based on his specialism in Indian foreign policy and nuclear proliferation. For Pant, Indo-Japan relations are inextricably connected to the balance of power in Asia and the rise of China. His analysis therefore adheres to Jain's hypothesis, recognising the primacy of China in Japan's strategic thinking. Pant adds however, an additional factor; 'the US attempt to build India into a major "balancer" in the region'. Indeed, the extent to which Japan's recent interest in India is due to the Bush administration's flirtations with India is a key question addressed in this study (see Chapter 3a).

Pant's work is also valuable for the analytical structure employed. In addition to being few in number, the majority of works are also descriptive, even prescriptive and shy

¹⁸The Japan Foundation in Delhi has produced regular assessments of relations between India and Japan (1997, 2004 and 2007). These studies concentrate on economic and cultural relations with only ephemeral regard to the political perspective and are mainly Indian authored. The Institute for Defence Studies and Analyses (IDSA), where the author was also affiliated during the research process, has also produced regular commentaries and analysis on Japan and occasionally Japan-India relations. Rajaram Panda has been mainly responsible for this brief.

¹⁹ Satu Limaye, 'Tokyo's Dynamic Diplomacy: Japan and the Subcontinent's Nuclear Tests', *Contemporary Southeast Asia*, Vol. 22, No. 2 (August 2000), pp. 322-339

²⁰ Harsh V. Pant, 'The Emerging Balance of Power in the Asia-Pacific', *The RUSI Journal*, 152:3, (2007) pp. 48 - 53

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away from associating with a specific theoretical approach. Incorporating theory into a study not only improves understanding of the subject but also frames the analysis within wider discussion. Pant's work, whilst not explicitly stated, shows signs of following NCR; the approach of this study. Rather than concentrating on India's perspective, however, this study is rooted in Japan's attitudes and the lessons for policymaking. Furthermore, the role and perceptions of Japanese policymakers has been neglected by existing studies, which concentrate on states as individual actors.

An additional stream of relevant literature refers to great-power dynamics. A growing body of work has emerged assessing the significance of the 'rise of Asia'.²¹ The common theme throughout these books points to the fact that Asian dominance is not a new phenomenon but rather that the ascendancy of China, India and Japan at the *same* time is what makes the contemporary period unique and a challenge to Western dominance. In a similar vein, the revival in discussions of 'pan-Asianism', most likely due to recent attempts to create an 'East Asian community' through such forums as ASEAN+3 and the East Asia Summit (EAS), has brought relations between China, India and Japan back to the fore of IR scholarship.²²

²¹ There are several possible reasons why 2008 encouraged this literature, among them being China's hosting of the Beijing Olympics in 2008, seen by many including the Chinese government as China's 'coming out party', the end of the Bush administration in the US and reassessment of America's international role and the eventual signing of the US-India nuclear which marked a significant turning point in America's relations with Asia. Kagan, Robert, *The Return of History and the End of Dreams*, (Atlantic Books: London, 2008); Emmott, Bill, *Rivals: How the Power Struggle Between China, India and Japan will Shape Out Next Decade*, (London: Allen Lane, 2008); Mahbubani, Kishore, *The New Asian Hemisphere: the irresistible shift of global power to the East*, (New York: Public Affairs, 2008); Brahma Chellaney, *Asian Juggernaut: The Rise of China, India and Japan*, (New York; Harper Collins; 2010); Fareed Zakaria, *Post-American World*, (New York; W.W. Norton & Co. 2008)

²² For some examples see Davie Capie, 'Rival Regions? East Asian Regionalism and its Challenge to the Asia-Pacific,' in James Rolfe ed. *Asia-Pacific: A Region in Transition*, Honolulu, Asia-Pacific Center for Security Studies, (2004) pp. 149–65, Shulong Chu, 'The East Asia Summit: Looking for an Identity', *Northeast Asia Commentary, The Brookings Institution*, No. 6 (February 2007), Mohan Malik, 'The East Asia Summit', *Australian Journal of International Affairs*, 60:2, (2006), pp. 207-211, Takashi Terada, 'Forming an East Asian Community: A Site for Japan-China Power Struggles', *Japanese Studies*, Vol. 26, No. 1 (May 2006), Mohamed Jawhar Hassan, 'Strengthening Cooperation in East Asia: Towards an

IV. Contributions of the study

Of the previous studies, none have broadened their scope to examine (in significant depth), the implications of Japan's India policy for the wider question of Japan's foreign policy. As will be discussed in the following chapter, Japan's post-war diplomacy has presented commentators with a complex puzzle that has yet to be satisfactorily resolved. By critiquing Japan's policy towards India, this analysis will provide a valuable addition to the lively debate over the true nature of Japanese diplomacy.

Within a fast-changing Asia, the US and India have made remarkable steps to strengthen their relationship and the US-Japan alliance, despite some tension in 2009, has continued to represent a 'pillar' of regional security. Both of these developments have been widely documented. Yet the development of what could be termed the third prong of an emerging strategic triangle is under-researched. In 1996, Arthur Stockwin predicted in the Foreword to *Distant Asian Neighbours*, that 'the topic will grow in importance in the years ahead' and that 'the world may be well advised to sit up and take notice'.²³ In 2011 at the time of writing, the necessity of understanding the dynamics of this relationship is being realised.

The objective therefore is to provide a theoretically-informed empirical and thematic analysis of Japan's policy towards India from 1998 to 2011 in order to draw conclusions as to the nature of Japan's foreign policymaking process and diplomatic strategy.

East Asian Community', Paper presented at the 1st Korea-ASEAN Cooperation Forum held in Jakarta on 10-12 November 2006

²³ Stockwin quoted in Jain, *Distant Asian Neighbours*, Foreword

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The research will contribute to the nascent literature in five distinct ways;

- 1) through the collection of contemporary data in the form of interviews, statistics and official statements,
- 2) conducting research into the Japanese policymaking process
- 3) synthesising and revising arguments in the secondary literature with current trends
- 4) supplement the growing body of NCR work and
- 5) integrate study of Japan's foreign policy and the Indo-Japanese relationship thereby bringing a new and under-developed perspective to the study of Japan's international goals.

This study should be of interest to those interested in Japanese foreign policy, contemporary Asian relations, NCR and IR scholarship and policymaking.

V. Argument

No one, coherent policy line currently exists in Tokyo as to how to approach India. As the case studies demonstrate, influences on policymakers and each actor's weight differs depending on both the policy and time in question. Japan's diplomacy is more active than often given credit whilst also complex. Tokyo's strategy involves several objectives including trade aspirations, security cooperation and a strategic partnerships.

Structural influences have overwhelmed policy-decisions. For example the economic potential and growth of the Indian economy has shaped Japan's interest in trade and investment, as has the realisation that diversification from the Chinese market is

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necessary and that South Korea has made head-way in the market. In nuclear policy, Japan has been influenced by the internationalisation of the nuclear industry, Japan's limited sources of domestic energy and the potential provided by the US-India nuclear deal for a similar bilateral agreement. In security affairs, China's increasingly assertive behaviour draws India into Tokyo's regional agenda, as does concern that the US-Japan alliance will not forever be sufficient for security.

Timing is also a factor. During the early period of post-1998 rapprochement, the US provided the major external impetus, to be followed in the mid-2000s by China's ever-growing presence in the region. This has been followed by increasing awareness among Japanese policymakers to the economic potential of India.

Japan's response to these structural parameters has also depended on unit-level factors such as elite perceptions. The influential weight of such domestic actors differs, with the business community proving a greater pressure on government than public opinion. Such forces have often constrained policy from purely structural influence and shaped the speed or nature of eventual policy. Despite the intervening role of internal factors nevertheless, structure overrides.

VI. Research Method

Sources utilised for this study were a combination of qualitative research; divided between primary print sources, extensive 'key-informant' interviews and supportive secondary texts. This mix incorporated the reality of the situation with academic and theoretical analysis. NCR (explained in Chapter 2) encourages analysts to begin at the

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systemic level but crucially also to analyse how readings of relative power are translated into the behaviour of state actors. Furthermore, rather than assuming actors will behave rationally, analysts must look to how these influences are perceived to understand how they are acted upon.

i. *Primary data*

Interviews were chosen as a major source of qualitative research for their ability to cover factual data and perceptions.²⁴ Interviews provided a vital resource to get behind official rhetoric and track the determinants of policy decisions. By utilising this method, the author was able to uncover insights not disclosed in official public statements. The author conducted structured, semi-structured and open-ended interviews with current and retired officials and diplomats involved in the strategising and implementation of policy as well as non-government academic experts, journalists and security experts from Japan, India, the US and UK.²⁵

Interviews were structured around the main themes of the study, including but not exclusively the historical origins of Japan's interest in India, the economic dimension, development of nuclear policy and defence/maritime cooperation. Following an introduction to respondents' career history, interviewees were asked about the role of the US and China. In addition the author allowed interviewees to deviate from these

²⁴ Contacts were established through a number of means, including attending relevant seminars and talks by potential participants, referrals from previous interviewees and direct email contact. As the 'List of Interviewees' demonstrates, the author spoke with scholarly experts in the field of Japan-India relations, Japanese foreign strategy, diplomats, politicians, journalists and members of the business community in Tokyo, Delhi, Kolkata, Washington DC and London.

²⁵ In June 2009, the author was a visiting researcher at the Organisation of Asian Studies at Waseda University Tokyo, hosted by Professor Takeshi Terada. Waseda University holds a research exchange agreement with Warwick University where the candidate is based. The author was also attached to the Japan Institute for International Affairs (JIIA) Tokyo, a quasi-independent think tank.

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topics should their experience, scholarship or expertise requires further examination of a particular angle. The wording of questions also differed depending on the timing of the interview to take account of recent developments, for example before and after the signing of CEPA and launch of civil nuclear technology transfer negotiations. All interviews concluded with predictions as to the future of the relationship and information was verified after the interview. The overwhelming majority were conducted in an official setting whilst a few were taken from informal conversations at business/political events and social gatherings. Due to this study's attention to perceptions, the author ensured respondents resisted presenting a purely fact-based portrayal of Japan's India policy. Instead, the author attempted to steer conversation towards also discussing perceptions of situations and the success or otherwise of policy decisions. An open-ended question format often resulted in several previously unconsidered topics entering the research agenda.

Academics were chosen based on their expertise of Japan's specific policy towards India (a rarity), Japanese international relations or Indian external politics. Several also previously worked in government and continue to participate in official dialogues. Those in the academic community are independent of the scrutiny which bureaucrats might face so their comments were more subjective, but also less informed. In order to present a full picture, both were accessed.

It was thus imperative that opinions of bureaucrats and officials were taken into consideration. By including a mixture of academic and government sources, a balanced analysis of policy-drivers could be taken. Retired ambassadors to both India and Japan

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provided another useful resource, able to disclose more information than those currently in office. They have often also contributed academic works to the subject.²⁶

The importance attributed to Japanese bureaucrats emanates from the tendency in Japan for politicians to hold relatively little influence or interest over foreign policy. As Yuzawa notes, the majority of Diet members that have taken initiative in security policy have focused their attention on strengthening the Japan-US defence alliance²⁷ rather than seeking to enhance Japan's relations with other governments like India. The 'rigid civilian control system' in Japan leaves the Ministry of Foreign Affairs (MOFA) the greatest authority in security, more so than the Ministry of Defense (MOD) and Self Defense Forces (SDF). Traditionally the Prime Minister also plays a marginal role in policy formation.²⁸ As this research will explore, however, there have been occasional exceptions, most evidently under Abe Shinzo (2006-07) when executive leadership shaped Japan's policy towards India. The focus of the study is therefore on MOFA and Ministry for Economy, Trade and Investment (METI) officials and to a limited extent, defence officials, with some attention to inter-ministry rivalries, particularly between MOFA and METI.²⁹ The author recognises that responses from officials were limited due to fears of reputation, official guidelines and the Japanese social phenomena of *tatemae*³⁰ but considers that with the addition of subjective academic accounts this does not diminish the value of testimonies.

²⁶ Examples include Eijiro Noda, 'Resurgence of Hope' in Kamalendra Kanwar ed., *India-Japan, Towards a New Era*, (Delhi: USBPD, 1992) pp. 63-69; A. Madhavan, 'The Post-Cold War Equations' in Kamalendra Kanwar ed., *India-Japan, Towards a New Era*, (Delhi: USBPD, 1992) pp. 36-54

²⁷ Takeshi Yuzawa, *Japan's Security Policy and The ASEAN Regional Forum: The Search for Multilateral Security in the Asia-Pacific*, (London; Routledge, 2007), p. 11

²⁸ Yuzawa attributed this to 'bureaucrats' control of information needed for policy formulation, a shortage of staff, and even a lack of interest in security policy issues'. Ibid. p. 11

²⁹ Reference to 'attitudes' in this study will refer to the policymaking elite, unless otherwise clarified.

³⁰ This cultural trend related to the difference between '*honne*' (real intention) and '*tatemae*' (façade). It is likely in Japanese culture that people express '*tatemae*' in order to fit in with society's expectations or the position of their employer/government, rather than express what could be a contrary opinion.

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Interviews conducted with practitioners of earlier Japanese policy, allow for participant's reflection, which cannot be expected by those currently involved. The issue of discretion was also a constraint. Since little has been written on this subject, the inferences from interviews were therefore liable to the author's own interpretation. On the whole honest opinions were shared but concerns over confidentiality are likely to have led to some hesitation in responses, particularly on such sensitive subjects as nuclear technology transfer.

Interviews were spread out over the research period with four conducted in Tokyo in June 2009, eight in London between August 2009 and July 2011 and the majority; seventy-three in Tokyo from May to June 2010. A further thirty-four were made in Delhi and Kolkata between February and March 2010,³¹ followed by a final visit to Washington DC in June 2011 where a further seven were completed to clarify arguments and deepen understanding of the US dimension. In total, 131 interviews were collected. By carrying out such a number of interviews, the research aimed to 'cover all bases' and provide a richness and inclusiveness to subsequent conclusions. By taking a relatively large sample of opinions, this verified the position of the Japanese and Indian governments and identified exceptions. All were conducted in English.³²

³¹ From February to March 2011, the author was affiliated with The Institute for Defence Studies and Analyses (IDSA) as a Visiting International Fellow. This organisation specialises in defence and security with several former military personnel and civil services among its scholarly staff. IDSA was established in 1965 following the initiative of the then Defence Minister Chavan. The IDSA is funded by the Indian Ministry of Defence but functions autonomously. Here, the author interviewed a further 34 key-informants, including several Japanese diplomats, former Indian Ambassadors to Tokyo, strategists and journalists. I also participated in the operations of the think tank, including an Asian Security Conference which brought together scholars from across the region and world as well as regular seminars and debates held at the Institute.

³² The primary reason for this is the limited Japanese capability of the author. Fortunately the diplomatic and business language employed by Japan and India in their relations is English. The only interview in which the participant responded in Japanese was with former Prime Minister Abe. During this meeting, Mr Taniguchi (former MOFA Press Secretary) acted as translator. Press Statements, speeches and government elite statements are available in English on both the Japanese and Indian embassy websites.

Other primary data sources included official statements, speeches, think tank reports and press releases related to Japan's policy in India as well as efforts from the US to incorporate India into a trilateral dialogue with Japan. Economic data for the most part was sourced from Japan, particularly the Ministry of Finance (MOF) and METI. Due to the contemporary nature of this study, primacy was placed on articles and opinion pieces from the quality press to demonstrate how opinion-formers have viewed the success of Japanese initiatives. The Japanese perspective was sourced from *Kyodo News*, *Nikkei*, *The Asahi*, *Mainichi* and *Yomuri Shimbun* and *The Japan Times*. The supplementary Indian perspective included *Times of India*, *Hindu and Telegraph*. In addition, reports from the international news agencies; *Reuters*, *The Associated Press* and *The Economist*, which maintain an India bureau, were analysed. An increasing number of journalistic pieces have been written on contemporary developments between the two states, particularly in the days surrounding a prime ministerial or ministerial visit but media interest, as will be noted, often frames Japan's India policy within the context of China.

ii. *Secondary data*

For secondary data, the author relied on respected scholarly work on trends in Japanese diplomacy, theoretical IR analysis, including works utilising NCR and examinations of the contemporary policies of the US, China and India as well as Japan to provide a suitable framework for the research puzzle. Comparative studies of Japan's behaviour

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towards other states were also used for contextualisation and alternative theoretical approaches were studied before concluding that NCR best-suited the research problem.

VII. Organisation of the thesis

The thesis consists of nine chapters. The purpose of this introductory chapter is to lay out the study's research puzzle, context, selection of case studies and method of analysis. The contribution the research offers is also included with an assessment of the current status of the literature. The following chapter is divided into two parts, beginning with a discussion of the dominant theoretical approaches adopted regarding Japan's foreign policy. The second section argues for the application of NCR, explaining the method and its applicability to the case of Japan's India policy.

Chapter 3 looks at the major structural forces which influence Japanese policymaking, namely (a) the US and the US-Japan Security Alliance and (b) China, often considered the primary rationale for Japan's interest in India. In light of this thesis' adherence to NCR, Chapter 4 provides an overview of key actors involved in policymaking at a domestic-level. In order to provide a frame of reference, Chapter 5 traces the evolution of Japan's interactions with India from early contact in the sixth century to 1998, from where this study's timeframe begins.

The remainder of the thesis uses detailed thematic case studies to shed light on Japan's policymaking process, the role of particular actors and overall strategy by utilising NCR. The concluding chapter returns to the original questions posed in the Introduction

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and reiterates the analysis of the thesis. In addition, Chapter 9 points to auxiliary research avenues.

VIII. Selection of case studies

Rather than adopt a historical narrative approach, this study is organised thematically. As Van Evera argues, this form of analysis allows for evidence-based study to explore ‘whether events unfold in the manner predicted and (if the subject involves human behaviour) whether actors speak and act as the theory predicts’.³³ Within discussions on these themes, a chronological method is used to trace the sequence of events.

Initially relations between Japan and India encompassed only limited economic interaction. By 2011 the relationship includes a wide gamut of policy areas which itself demonstrates notable change. In order to look in detail at what caused this change, three specific fields of policy are analysed; economic relations, nuclear policy and defence/security cooperation. Economic diplomacy has long-been central to Japan’s external relations. This focus has served the state’s interests well and continues to represent the most substantive area of Japan’s engagement with India, highlighted by CEPA of 2011. This area, however, remains one of unfulfilled potential.

Japan’s nuclear stance has also been a constant defining characteristic of Japanese diplomacy. Yet despite Japan’s unique experience of nuclear weapons, Japan somewhat ironically has become a leading producer and consumer of nuclear energy, relying on the energy source for 30% of electricity. In Japan-India relations, differing nuclear

³³ Stephen Van Evera, *Guide to Methods of Students of Political Science*, (Ithaca, NY; Cornell University Press, 1997), p. 23

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positions has served as an obstacle to deeper understanding but as the following thesis will demonstrate, a hurdle of declining salience.

Maritime cooperation is an additional field where the two states' interests show complementarities. Both Japan and India are strong maritime nations where considerable progress has been made in recent years to deepen trust. Discussion on this subject and how Japan's has sought India's hand in wider security policy dialogues will provide the focus of the final case study. By choosing case studies which encompass such radically different objectives and involve a variety of actors within Japan's policymaking elite, this study avoids the danger of over-concentration on a particular policy field whilst recognising the limiting scope of a doctoral dissertation on such a broad topic as Japanese policy towards India.

This case-study research approach suits the thesis' theoretical framework. As proponents of NCR stress, the role of independent and intervening variables necessitates a distinct methodological technique – 'theoretically-informed narratives'³⁴ and content-rich analysis. NCR research favours looking at the systemic level before then tracing the specific and often complex causal chain, which results in foreign policy decisions.³⁵ NCR studies are often case studies, which analyse how great powers respond to relative material rise or decline.³⁶ For this study, the overarching case study is Japan's foreign policy towards India.

³⁴ Steve Smith, Amelia Hadfield, Timothy Dunne (eds.) *Foreign Policy: Theories, Actors, Cases*, (Oxford; Oxford University Press, 2008), p. 93

³⁵ Ibid. p.93

³⁶ This is considered natural, due to NCR's realist assumption of the world as made up of great power politics and due to the fact that most NCR scholars are American, studying US foreign policy and grand strategy. This can be seen in practice in William Curtis Wohlforth's study on the Soviet Union, Thomas J. Christensen's on the US and China, Randall L. Schweller's research on the belligerents of World War II and Fareed Zakaria's study on US history.

2. Key Debates on Japanese Foreign Policy: Realism, Liberalism, Constructivism and Neoclassical Realism

This study utilises the theoretical framework of neoclassical realism. Through the empirical investigation, the applicability of NCR to the study of Japan's policymaking will also be verified.

I. Theories of Japanese foreign policy

Theorists of international relations (IR) have employed a variety of approaches to explain the complexities of the international system.¹ Yet despite the vast quantity of material, international relations theory has suffered from its incommensurability.² Regarding East Asian security, mainstream IR paradigms have struggled to adequately explain the dynamics of the region.³ As a result, a number of paradigms have emerged. The fundamental disparity between relates to the unit of analysis or variable championed over alternatives. Simply put, whilst some theorists advocate analysis based on external factors like the international system, others concentrate on internal, domestic variables.

¹ Alternative approaches to IR not considered in great depth here include analysis the world system according to Marxist theory, which true to Marx's deterministic tradition believe the constraints of structure to limit the ability of human agency to bring change. Similarly the realism of EH Carr within classical realism taking a left-leaning approach believed that whilst states are currently the centre of power structures this might change. E.H. Carr, *The Twenty Years Crisis, 1919-1939: An Introduction to the Study of International Relations*, (London and New York: Harper Torchbooks, 1964), pp. 224-235. Carr was also known for his critique of idealism or 'utopianism' in which he opposed the idea that actors could change the system but that the system was a result of historical consequence and could be used prescriptively. Neither 'realist' approach is favoured in this study which as will be seen below, pays attention to both structure and agency (though to different degrees) in formulating IR.

² Colin Wight, 'Incommensurability and Cross Paradigm Communication in International Relations Theory: What's the Frequency Kenneth?' *Millennium* 25, (1996) pp. 291-319

³ Victor Cha, *Alignment Despite Antagonism: The US-Korea-Japan Security Triangle*, (Stanford, CA, Stanford University Press, 1999)

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The realist paradigm has been increasingly criticised for only providing ‘*post hoc*’ explanations for events with little predictive power.⁴ Scholars attempted to overcome this dilemma by forming what was termed a ‘neo-neo partnership’ between neo-realists and neo-liberals from the other principal theoretical approach but no grand theory has yet been established. Constructivism, associated with the work of Wendt,⁵ introduced the analytical tools of identities and norms⁶ to explain the actions of states.⁷ Dependence on the role of ideational factors, however, also encouraged criticism even among those who fall into the ‘constructivist’ camp. Constructivism has proven popular among political scientists but eclecticism has characterised the approach as proponents differ in their adoption of unit-level variables.⁸

Japan’s foreign policy, like that of the discipline as a whole, has proven unable to secure academic consensus. In the following section, the key arguments put forward are discussed and critiqued before the suitability of an alternative interpretation, NCR is considered to understand Japan’s diplomatic strategy towards India.

⁴ Brian Rathbun, ‘A Rose by Any Other Name: Neoclassical Realism as the Logical and Necessary Extension of Structural Realism’, *Security Studies*, 17:2, (April, 2008), p. 295

⁵ Alexander Wendt, ‘Anarchy is What States Make of It: the Social Construction of Power Politics’, *International Organization* (46:2, Spring 1992), pp.399-403

⁶ Norms differ from ideas or beliefs since norms are held collectively at a societal level, whereas the latter can be held by both individuals and groups. Keiko Hirata, *Norms, Interests and Power in Japanese Foreign Policy*, (London, Palgrave Macmillan; 2008), p. 235

⁷ A. Bjorkdahl, ‘Norms in international relations: some conceptual and methodological reflections’ *Cambridge Review of International Affairs*, Vol. 15, Issue 1, (2002), pp. 9-23. For additional guides to how norms influence state behaviour, see Alexander Wendt, *Social Theory of International Politics* (Cambridge: Cambridge University Press, 1999); Martha Finnemore, ‘Norms, Culture, and World Politics: Insights from Sociology’s Institutionalism’, *International Organization*, 50:2 (1996), pp. 325–47

⁸ One of the primary divides among constructivists is between ‘thin’ and ‘thick’ as identified by Hay, Colin Hay, *Political Analysis: A Critical Introduction*, (Basingstoke, Palgrave Macmillan, 2002), p. 206. Both see relations between the material and ideational as logical but those on the ‘thick’ side prioritise ideational whereas ‘thin’ constructivists see material as of greater influence.

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i. *Japan as a 'realist-military' state*

Realism is not a unified theory of international relations. Rather, the paradigm represents an amalgamation of approaches, which follows basic assumptions.⁹ Predominant among these is the belief in an anarchic world¹⁰ where sovereign states as primary actors prioritise defending their security.¹¹ This leads states to seek power and resources which ultimately results in conflict. In addition, relative gains are deemed significantly more important than absolute gains. Realism places considerable emphasis on a state's geopolitical position believing the balance of power is the major determinant for state behaviour. The methods states employ are identified as either alliances and/or military build-up since no other state is considered by itself reliable to defend another's interests. When states are unable to balance, their only option is to 'bandwagon' or defer to a greater power.

When applied to Japan, the realist approach has faced considerable criticism. In the years immediately following defeat in the Pacific War, the reasons for Japan's international inertia were broadly accepted. Japan's approach was considered the result of a rational calculation of national interest, known as the 'strategic state' thesis or 'Yoshida Doctrine'. This strategy, designed by Prime Minister Yoshida Shigeru (1946-47, 1948-54), was premised on the belief that Japan had previously 'mismanaged

⁹ NCR itself is similarly not monolithic but a diversity of neoclassical realist 'theories'. In fact, several neoclassical realists resist the branding of their approach as a theory. Adherents appear even to be satisfied with their approach being deemed 'midrange theorising'. According to Rose, the fact that NCR is unable to 'provide tidy answers or precise predictions should perhaps be seen not as a defect but rather as a virtue'. As Rose has further accepted, perhaps this is often the best social science can hope to achieve. Rose, 'Neoclassical Realism and theories of foreign policy', p. 172

¹⁰ Randall L Schweller, 'The Progressiveness of Neoclassical Realism', Elman and Elman eds., *Progress in International Relations Theory, Appraising the Field*, (Cambridge: MIT, 2003), p. 311

¹¹ Yukiko Miyagi, *Japan's Middle East Security Policy: Theory and Cases*, (London: Routledge, 2008), p. 5

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Japan's sources of national strength' and needed to seek an alternative.¹² With the assumption that the Cold War would necessitate US military support to protect its key Asian ally from Soviet Union invasion, Japan benefited from a 'free ride', or more accurately, a 'cheap ride' in security spending. This then left space to concentrate on economic recovery and growth; 'strong economy, weak army'.¹³ Japan was criticised for lacking a strategy and taking a 'go-with-the-flow' style to diplomacy but for much of the Cold War period this approach served Japan well.¹⁴

As the Cold War developed, neorealist scholars predicted that Japan would shake off its passivity in favour of a more active international role.¹⁵ According to realist assumptions, the international state of anarchy¹⁶ prescribes states to seek to maximise their power as far as their economies will allow. Yet Japan's behaviour deviated significantly from these prescriptions. Japan is a highly industrialised, modern society with the third largest economy in the world. Despite holding one of the world's most modern militaries, however, defence spending has continued to be restrained by the US-imposed cap at 1% of national wealth.¹⁷ As Miyagi identifies, Japan's diplomacy has

¹² Michael J. Green, 'Japan Is Back: Why Tokyo's New Assertiveness Is Good for Washington', *Foreign Affairs*, (March/April 2007). <http://www.foreignaffairs.com/articles/62460/michael-j-green/japan-is-back-why-tokyo-s-new-assertiveness-is-good-for-washington> (Accessed on 06/07/09)

¹³ According to Green, Yoshida was particularly keen for Japan to trade freely with China, which he believed would soon end its alliance with the Soviet Union.

¹⁴ Michael Blaker, 'Evaluating Japan's diplomatic performance', in Gerald L. Curtis ed., *Japan's Foreign Policy After the Cold War: Coping with Change* (Armonk, NY: ME Sharpe, 1993)

¹⁵ The collapse of Japan's mercantile political economy in the 1980s and early 1990s also raised questions as to the durability of this model. Hirata, *Norms, Interests and Power in Japanese Foreign Policy*, p. 2

¹⁶ Here, anarchy refers to the absence of world government rather than the popular understanding of disorder and chaos. As Hagerty defines, 'No appeal can be made to a higher entity clothed with the authority and equipped with the ability to act on its own initiative.' Devin T Hagerty, 'India and the Global Balance of Power: A Neorealist Snapshot' in Harsh Pant (ed.), *Contemporary Debates in Indian Foreign and Security Policy: India Negotiates its Rise in the International System*, (London, Palgrave Macmillan; 2008)

¹⁷ Richard Samuels, 'Japan's Grand Strategy', LSE Public Lecture, London (13 October 2008), <http://www.lse.ac.uk/collections/LSEPublicLecturesAndEvents/events/2008/20080819t1316z001.htm>;

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reflected a ‘lopsided power profile, in which its economic capabilities are highly developed compared to its political stature and military power’.¹⁸

The rationale behind this puzzle has consumed scholarship on Japanese foreign policy. In order to explain Japan’s behaviour, a significant number of scholars have adopted realist interpretations, differing in the casual weight they ascribe to the above assumptions.

ii. *The role of ‘gaiatsu’*

It cannot be denied that Japan’s diplomacy is influenced by the wishes of Washington (see Chapter 3a). The extent to which this structural variable dictates Japanese policy, however, is disputed. Calder most derogatively defined Japan as a ‘reactive state’, where *gaiatsu* (external pressure) from predominantly the US dictated policy. Hirose concurs, believing the ‘Please US policy’ to prevail, shaped ‘in terms of responses to the external environment, rather than a policy formulated on its own initiative’.¹⁹ Hirose classifies Japanese foreign policy as ‘characterised by vagueness and indecisiveness’ where ‘not much imagination or initiative can be observed’.²⁰ Calder also claims that the fragmented and pluralistic nature of Japan’s political system has caused so much infighting and ‘bureaucratic rivalries’²¹ that no grand strategy is even possible. Van Wolferen has gone further claiming Japan is not even a sovereign state as defined as an

Miyagi, *Japan’s Middle East Security Policy*, p. 43

¹⁹ Takako Hirose, ‘Japanese Foreign Policy and Self-Defence Forces’ in N.S. Sisodia and G.V.C. Naidu eds., *Changing Security Dynamic in Eastern Asia: Focus on Japan*, (Delhi: Promilla, 2007), p. 281

²⁰ Takako Hirose, ‘Japan in a Dilemma – The search for a horizontal Japan-South Asia Relationship,’ Purnendra Jain, *Distant Asian Neighbours: Japan and South Asia*, (New York: Sterling Publishers; 1996), p.28

²¹ Thomas U. Berger, ‘The Pragmatic Liberalism of an Adaptive State’ in Berger, Thomas U., Mike M. Mochizuki, Jitsuo Tsuchiyama eds., *Japan in International Politics: The Foreign Policies of an Adaptive State*, (Boulder, Lynne Rienner Publishers Inc, 2007) , p. 265

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entity 'with central organs of government which can both recognise what is good for the country and bear ultimate responsibility for national decision-making'. Study of the occasionally influential role of Japan's internal dynamics through this thesis will argue against such an analysis.

An opposing view considers Japanese policy to contain practical and well-considered tactics. According to Pyle and Samuels, Japan is not 'irrational, passive or lacking in strategic thought' but rational and increasingly active.²² Samuels and Heginbotham have rejected the interpretation of Calder et al. claiming policymakers are not 'doves nor hawks but pragmatists,'²³ working through clever diplomacy and an effective bureaucratic structure to secure Japan's national economic and political interests. Through a 'dual hedge' strategy, Samuels believes Japan will continue to rely on the US for military balance whilst seeking additional commercial opportunities in the region.²⁴

The past two decades have witnessed increased debate on whether Japan has or indeed should become 'normal'. The concept was originally articulated by DPJ politician, Ichiro Ozawa in his influential publication, 'Blueprint for a New Japan' in 1993.²⁵ Ozawa called for Japan to assume a role more commensurate with its economic and potential military power and has indeed edged towards a more military-realist status from its previous 'overlapping, yet somewhat conflicting paradigms...as both a democratic pacifist state and an elite-guided mercantile state'.²⁶ Japan has distanced

²² T.J. Pempel, 'The Pendulum Swings toward a Rising Sun', Book Review Roundtable, *Asia policy*, No. 4 (July 2007), p. 188

²³ Eric Heginbotham and Richard J. Samuels, 'Japan's Dual Hedge', *Foreign Affairs*, vol. 81, no. 5, (September/October 2002), p. 113

²⁴ Mike M. Mochizuki, 'Change in Japan's Grand Strategy: Why and How Much?' *Book Review Roundtable*, p. 195

²⁵ Ozama was former chief secretary of the LDP, then president of the DPJ until his resignation in May 2009 over a funding scandal.

²⁶ Sato and Hirata, *Norms, Interests and Power in Japanese Foreign Policy*, p. 1

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itself slightly from its dependence on the US, towards a multilateral collection of regional alliances. Pyle and Green agree that Japan is poised to play a larger role on the international stage and view such a development as positive for both the US and the region.²⁷ Even though Japan depends highly on oil from the region, as Miyagi identifies in her study of Japan's Middle East strategy for example, by siding with US policy following 9/11, Japan favoured political goals over its economic security. This has been recognised by a number of scholars who term this shift in various ways as becoming a 'normal country' or the onset of 'creeping realism,'²⁸ 'transitional realism' and 'mercantile realism.'²⁹

Green also looks at the structural level, viewing Japanese foreign policy as 'increasingly...shaped by strategic considerations about the balance of power and influence in Northeast Asia, particularly vis-à-vis China'. Relations with East Asia have developed from economic interests to 'reflect a self-conscious competition with China for strategic influence in the region.'³⁰ Green differs from some analyses by arguing that Japan was pushed towards a realist approach by international circumstances rather than proactively seeking a more political regional role. Green's analysis has been adopted by observers who also recognise the need to 'check' China as a major determinant of Japanese policy and is largely agreed with by this study. Japan remains, however, withheld by traditional dependence on the US-Japan alliance and domestic norms.

²⁷ Green, 'Japan Is Back'

²⁸ Daniel M. Kliman, *Japan's Security Strategy in the Post 9-11 World, Embracing a New Realpolitik*, (Westport, CT; Praeger Publishers, 2006), p. 62

²⁹ Heginbotham and Samuels, 'Mercantile Realism and Japanese Foreign Policy'

³⁰ Michael Green, *Japan's Reluctant Realism: Foreign Policy Challenges in an Era of Uncertain Power* (New York: Palgrave, 2001), p. 6

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Hughes agrees with Green to the extent that increased military spending by China and a consistently belligerent North Korea have encouraged Japan to strengthen its alliance with the US. The 9/11 terrorist attacks and subsequent 'war on terror' served to hasten this policy, but Hughes recognises efforts by Japan's elite to 'maximise autonomy and the great skill and ingenuity with which these leaders have sought to maintain hedging options.'³¹

iii. *Japan's 'liberal' economic policy*

On the opposing end of the theoretical spectrum, neo-liberalism has sought to incorporate the role of economic cooperation and international institutions into IR analysis. Questioning the realist assumption that power dictates behaviour, Robert Keohane and Joseph Nye (arguably founders of neo-liberalism) posited an alternative interpretation coined 'complex interdependence'.³² In this neo-liberal rebuttal, relations between states on the economic level are recognised as having increasing leverage as the use of military force and power-balancing declines. Rosecrance contends that power is now measured in economic and technological strength rather than political or military. Both neo-realists and neoliberals focus on the anarchic structure and assumption of unified state actors in their analysis. However contemporary liberalism takes a more positive attitude towards the international system believing that states seek cooperation through trade and institutions to overcome international disputes. Japan's participation and faith in multilateral institutions such as the UN can be seen in this light. Realists, however, argue that Japan is employing the UN as a means to gain great power status and ultimately a permanent seat at the Security Council.

³¹ Christopher W. Hughes, 'Japan's Doctoring of the Yoshida Doctrine', *Book Review Roundtable*, p. 200

³² Joseph Nye, Robert Keohane, *Power and Interdependence: World Politics in Transition*, (Boston: Little, Brown and Company; 1977)

For neo-liberals, Japan's non-militarist policy is a clever, pragmatic calculation of the national interests which can be sought when acting as 'a trading state'. The thriving economic relations and interdependence between Japan and China for example have been recognised as an important restraint to open political hostility.³³ With regards to Tokyo's strategy towards India, Chapter 6 will demonstrate the strong economic incentives, tempered with other political goals.

iv. *The 'constructivist turn'*

In response to the above debate, some scholars took a 'constructivist turn' towards alternative analytical units. Rather than criticising neo-realism and neo-liberalism for what they include in their analysis, constructivists sought to highlight what has previously been overlooked.³⁴

Constructivists depart from centring analysis on structure, preferring to concentrate on ideational factors. Various definitions of norms have been identified³⁵ but as Katzenstein and Sil articulate, constructivism is 'based on the fundamental view that ideational structures mediate how actors perceive, construct and reproduce the

³³ Tomohiko Taniguchi, 'A Cold Peace: The Changing Security Equation in Northeast Asia,' *Orbis*, Volume 49, Number 3, (Summer, 2005), pp. 445-457

³⁴ Jeffrey T. Checkel, 'The constructivist turn in international relations theory', *World Politics*, Volume 50, Number 2, (January 1998), p. 324

³⁵ Miyagi highlights some of different conceptions of 'norms', identifying the term as 'inter-subjectively understood standards of behaviour that, if not lived up to, can result in some kind of punishment' (Dobson and Axelrod), "'guidance devices" that can be used to criticise and justify action' (Kratochiwill), 'a "sense of ought" is found in the statements and actions of policy-making agents' (Bjorkdahl). For some, norms 'emerge out of a watershed experience and may be championed by "political entrepreneurs" if they win over key publics, they may become widely accepted and associated with a state's very identity.' 'National norms may become a source of legitimacy for a regime that constrains the behaviour of subsequent generations of decision-makers long after the conditions that inspired them have changed.' Miyagi, *Japan's Middle East Security Policy*, p. 11

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institutional and material structures they inhabit as well as their own roles and identities within them'.³⁶ In contrast to realists and liberals who believe agents (the state) create structures like norms and institutions, constructivists believe the norms themselves influence actors.³⁷ By focusing on the domestic, unit-level variables of norms and customs, this approach to IR has covered some of the gaps, which more traditional lines of enquiry left exposed. Constructivists borrow aspects of sociological literature, which look at the agent-structure relationship through interactions between individuals and the state.³⁸ For constructivists, domestic-level analysis; culture, identity and other non-material factors³⁹ are of equal significance.⁴⁰ In the field of Japanese security, constructivism has found a welcome reception.⁴¹

Norms are indeed essential to understand the actions of Japanese policymakers. The norm of anti-militarism in particular continues to permeate Japanese decision-making as identified by Katzenstein and Berger.⁴² The Peace Constitution of 1947 capped defence spending at 1% of GDP, preventing Japan from building a military commensurate with

³⁶ Peter J Katzenstein and Rudra Sil, 'Rethinking Asian Security, A Case for Analytical Eclectism,' *Rethinking Security in East Asia*, (Singapore; NUS Press, 2008), p. 9

³⁷ Checkel, 'The constructivist turn in international relations theory', p. 327

³⁸ Takashi Terada, 'The Origins of ASEAN+6: Japan's Initiatives and the Agent-Structure Framework', *Working Paper, Waseda University Global COE Program Global Institute for Asian Regional Integration (GIARI)*, (August 2009)

³⁹ An interesting example of the difference between social and material interests as identified by Checkel relates to nuclear weapons. Checkel notes that for constructivists, the physical reality of a nuclear arsenal is not what is feared by the US since similar concerns are not felt with regards Britain's hold. The issue arises rather from in whose possession they are in, for example Iran and North Korea.

⁴⁰ Wendt own particular constructivist approach takes a more international perspective, identifying an international society of norms. Wendt considers the anarchy which realist use as the basis of their analysis, not to be unchanging but rather 'what states make it'. According to Checkel regarding Japanese foreign policy this could be seen in Japan's favour towards United Nations multilateralism when the 'norm of great power military rivalry' was discredited in favour of international cooperation.

⁴¹ For a discussion on how and which other international norms have been accepted by Japanese policymakers, see Keiko Hirata, *Norms, Interests and Power in Japanese Foreign Policy*, (London, Palgrave Macmillan; 2008). Hirata notes how whilst the pacifist norm has had a significant impact on Japanese policy, others like aid conditionality and anti-global warming have at times only been partially accepted whilst others like anti-whaling have been rejected. p. 235

⁴² See Peter J., Katzenstein, *The Culture of National Security: Norms and Identity in World Politics*, (New York; Columbia University Press, 1996); Thomas U. Berger, 'From Sword to Chrysanthemum: Japan's Culture of Anti-militarism', *International Security*, Vol. 17, No. 4 (Spring, 1993), pp. 119-150

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its economic capacity. According to Katzenstein, this ‘evolved into a cultural norm’ affecting foreign policy decisions; policymakers have to justify any departure.⁴³

In order to analyse these norms, scholars have adopted aspects of an ‘area studies’ approach by looking at the unique attributes of a particular culture. Constructivists also place emphasis on the significance of history and historical memory. Unique experiences shape how states perceive subsequent threats, for example previous hostility between Japan and China influences present-day relations. Such a focus on cultural qualities, however, shares the drawbacks of the area-studies approach, which ‘privileges amassing empirical data but [is] usually devoid of theoretical value’ and fails to appreciate the influences of the international system, which this thesis considers central.⁴⁴

Furthermore, norms are not fixed since they must be interpreted by decision-makers who dictate policy. Constructivism assumes that norms can be relatively easily identified but leaders may well be misguided in their judgement of domestic opinion and the environment within which they operate. Elites may also manipulate norms to further their own political goals. Alternatively, leaders may be aware of their material capability but be restrained by normative constraints or personal and political concerns.

Constructivism’s focus on the domestic-level, often at the expense of general trends, limits the approach’s utility. Furthermore, it has been argued that constructivism lacks a ‘theory of agency’ by overlooking those who ultimately implement policy. The origins of norms are also neglected, as are explanations as to how norms might develop over

⁴³ Kliman, *Japan’s Security Strategy in the Post 9-11 World*, p. 17

⁴⁴ Brecher cited in Caroline Rose, *Interpreting Sino-Japanese Relations: A Case Study in Political Decision-Making*, (London: Routledge, 1998)

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time. Constructivism has benefitted discourse by highlighting the role of social factors in decision-making but falls short of constituting a theory,⁴⁵ remaining more a method or approach to an empirical problem.

v. *An alternative paradigm*

What can be seen therefore is that whilst mainstream IR theories offer some valuable lenses through which to view Japanese foreign policy, they are unable to provide a universally applicable framework. As a result, an 'eclectic' or 'hybrid' approach has become in vogue amongst scholars keen to bridge the divide between macro and micro-level analysis.

Waltz's formulation of a neorealist theory had a profound influence on security studies. Waltz's analysis developed classical realism from its concentration on human nature to the international system. This approach has been criticised, however, as 'reductionist' since it fails to explain how states internally decide on policy by solely looking at broad systematic outcomes.⁴⁶ As Snyder argues 'exponents of realism in IR have been wrong in looking exclusively to states as the irreducible atoms whose power and interests are to be assessed.'⁴⁷

By drawing upon aspects of Waltzian neo-realism (the belief in the relative distribution of material power as a shaper of state behaviour) whilst infusing these forces through neo-liberalism's recognition of shared interests and constructivism's critique of elite

⁴⁵ According to Checkel, after earlier confusion, Wendt now also argues that constructivism is not a theory. Wendt, *Social Theory of International Politics*, chapters 1 and 2

⁴⁶ Schweller, 'The Progressiveness of Neoclassical Realism'

⁴⁷ Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca: Cornell University Press, 1991), p. 19

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perceptions,⁴⁸ such a modification is possible. This study aims to provide fresh insights into how Japan's foreign policy can be understood through adopting such a strategy when analysing specific case studies in Japan's policy towards India.

II. Neoclassical Realism (NCR) – a viable middle approach

NCR⁴⁹ represents a progression within the broad research programme of realism. NCR seeks to extend Waltz's theory by explaining how and why states deviate from the neorealist balance of power logic.⁵⁰ The approach calls for Waltz's 'ultra-parsimonious theory [to] be cross-fertilized with other theories before it will make determinate predictions at the foreign policy level.'⁵¹ Auxiliary assumptions believe that the international system limits but does not dictate foreign policy decisions. Instead, 'unit-

⁴⁸ Jeffrey W Taliaferro, 'Neoclassical Realism: The Psychology of Great Power Intervention', *Making Sense of International Relations Theory*, (Boulder; Lynne Rienner, 2006) p. 50

⁴⁹ The term itself was first coined in 1998 in an article in *World Politics* by Gideon Rose, considered the 'father' of the approach. Other terms used to occasionally to describe the approach include neo-traditional realism or neo-traditionalism, motivational realism, modified version of classical realism, modified neo-realism, fine grain realism and postclassical realism. Rose himself, asks why the approach needs 'yet another bit of jargon to an already burgeoning lexicon' but agrees that since classical realism lacks a clear definition, a new term is required. NCR as defined by Rose will be the term adopted by this study. The best current overview of NCR is Jeffrey W. Taliaferro, Steven E. Lobell, and Norrin M Ripsman, *Neoclassical Realism, the State and Foreign Policy* (Cambridge: Cambridge University Press, 2009). Examples of neoclassical realist works include Thomas J. Christensen, *Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino-American Conflict, 1947–1958, Princeton Studies in International History and Politics*. (Princeton, N.J.: Princeton University Press, 1996); Colin Dueck, *Reluctant Crusaders: Power, Culture, and Change in American Grand Strategy* (Princeton, NJ: Princeton University Press, 2006); Christopher Layne, *The Peace of Illusions: American Grand Strategy from 1940 to the Present* (Ithaca, N.Y.; London: Cornell University Press, 2006); Randall L. Schweller, *Deadly Imbalances: Tripolarity and Hitler's Strategy of World Conquest* (New York; Chichester: Columbia University Press, 1998); William Wohlforth, *The Elusive Balance: Power and Perceptions During the Cold War* (Ithaca: Cornell University Press, 1993); Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role, Princeton Studies in International History and Politics* (Princeton, NJ: Princeton University Press, 1998).

⁵⁰ Jason Davidson, *America's Allies and War; Kosovo, Afghanistan and Iraq*, (London: Palgrave MacMillan, 2011)

⁵¹ Waltz himself, defends his model as merely an explanation political outcomes and the 'broad patterns of systemic outcomes', rather than the policies behind them.

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level intervening variables such as decision-makers' perceptions and domestic state structure' play this role.⁵²

NCR fuses and builds on classical and neorealist interpretations by combining the relationship between state and society found in classical realism with neorealist adherence to balance of power theory. According to Lobell et al., 'proponents of NCR draw upon the rigor and theoretical insights of the neorealism (or structural realism) of Kenneth N. Waltz, Robert Gilpin, and others without sacrificing the practical insights about foreign policy and the complexity of statecraft found in the classical realism of Hans J. Morgenthau, Henry Kissinger, Arnold Wolfers, and others.'⁵³ For Rathbun, NCR is a 'logical extension and necessary part of advancing neo-realism'.⁵⁴ It could therefore be considered the third generation of realism.

Rose's identification of this new stream within realism in 1998 was a result of work published earlier in the decade by Christensen, Schweller, Wohlforth, and Zakaria. Rose argued that their contributions deserved classification as an individual school of foreign policy since they provided a single independent variable; relative power in the international system, common intervening variables; state structure, statesmen's perceptions of their relative power and domestic incentives, and a dependent variable; the foreign policy decision. The approach rejects the 'ultra-parsimonious privileging of systemic variables'⁵⁵ by incorporating cultural and institutional factors. Neoclassical

⁵² The term 'intervening variable' is taken to mean interpretation of observed facts rather than facts themselves. Examples include knowledge, intention and attitude.

⁵³ 'The Statesman, the State, and the Balance of Power: Neoclassical Realism and the Politics of Grand Strategic Adjustment', in Lobell et al. *Neoclassical Realism, the State, and Foreign Policy*, p. 3-4

⁵⁴ Rathbun, 'A Rose by Any Other Name: Neoclassical Realism as the Logical and Necessary Extension of Structural Realism', p. 294

⁵⁵ Ariel Ilan Roth, 'A Bold Move Forward for Neoclassical Realism', *International Studies Review*, Number 8 (2006), p.287

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realists, thus argue they are better able to explain the variation in states' reaction to changes in the international system.

i. *Balance of power*

Where NCR corresponds most closely with its neorealist sibling is in the presumption of international anarchy. Schweller claims that whilst the term 'balance of power' is 'arguably the most frequently used term in the field of international relations' it remains an 'ambiguous concept'.⁵⁶ He attributes this to the fact that balance of power is 'traditionally treated as a law of nature, where the whole universe is pictured as a gigantic mechanism, a machine or a clockwork created and kept in motion by the divine watchmaker.'⁵⁷ For NCR, balance of power theory is flawed since it assumes 'constant mobilization capacity'.⁵⁸ Whilst states may have similar resources, their ability to mobilize them will depend on domestic variables.

Furthermore, 'perceptions of prestige' add an additional variable. NCR recognises the importance of international hierarchy, or rather where states and their competitors subjectively *perceive* of themselves. States are assumed to seek to further their power and status within the system.⁵⁹ For example, whilst Japan's repositioning to third-largest economy does not necessarily diminish Japan's power, the perceptive difference may

⁵⁶ Randall L. Schweller, 'Unanswered Threats, A Neoclassical Realist Theory of Underbalancing', *International Security*, Vol. 29, Issue 2 (Fall 2004), p. 170

⁵⁷ Ibid.

⁵⁸ Ibid. p. 198

⁵⁹ In Taliaferro's NCR analysis it is the 'prospective loss of relative prestige and status' which is the focus. In order to make his case for NCR, Taliaferro employs the example of President Clinton's intervention in Kosovo to suggest that the policy decision was taken to avoid any further perceived weakening of the US presence in NATO. President Bush's response to 9/11 with the invasion of Iraq is a further case where Taliaferro believes NCR could be utilised. Jeffrey W Taliaferro, 'Neoclassical Realism: The Psychology of Great Power Intervention', *Making Sense of International Relations Theory*, (Boulder; Lynne Rienner, 2006)

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have adjusted how decisions are made. In this respect, NCR relates to classical realism's appreciation of status rivalries in the work of Thucydides, Machiavelli, Hobbes and Rousseau.⁶⁰ In the case of the present study, the rise of China's relative power in tandem with a comparative decline in US influence has encouraged Japan to 'guard their security by forming loose coalitions to balance the rising hegemon, thus hoping to deter aggression'.⁶¹ Japan's flirtations with India can therefore be viewed with this in mind.

ii. *Domestic variables*

NCR deviates from neo-realism in its attention to unit-level variables. Whilst classical realism referred to domestic politics, the recently dominant variety largely ignores the variable. According to Sterling-Folker, the assumption that liberalism is 'more accommodating of domestic-level variables' than realism is flawed.⁶² In fact systemic realist theory provides greater space for the potential causal impact of domestic factors. Zakaria also puts forward a case for including 'systemic, domestic and other influences'⁶³ when explaining 'events, trends and policies that are too specific to be addressed by a grand theory of international politics.'⁶⁴ Domestic politics for example can affect the timing of policies and nature of responses. Attention must be paid for

⁶⁰ As Morgenthau writes, 'whatever the ultimate objectives of a nation's foreign policy, its prestige – its reputation for power – is always an important and sometimes the decisive factor in determining the success or failure of its foreign policy. Hans Morgenthau, *Politics Among Nations*, (New York; Alfred A. Knopf, 1965), p. 95. 'What others think about us is as important as what we actually are. The image in the mirror of our fellow's mind (that is, our prestige), rather than the original, of which the image in the mirror may be but the distorted reflection, determines what we are as members of society'. Ibid. p. 73

⁶¹ Gideon Rose, 'Neoclassical Realism and Theories of Foreign Policy,' *World Politics*, Vol. 51, No. 1 (October, 1998), p.149

⁶² Jennifer Sterling-Folker, 'Realist Environment, Liberal Process, and Domestic-Level Variables', *International Studies Quarterly*, Vol. 41, No. 1 (March, 1997), pp. 1-26

⁶³ Fareed Zakaria, 'Realism and Domestic Politics: A Review Essay' on *Myths of Empire: Domestic Politics and International Ambition* by Jack Snyder, *International Security*, Vol. 17, No. 1 (Summer, 1992), p. 177

⁶⁴ Ibid.

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example to the fact that unlike the international system which is considered relatively fixed, public opinion can change dramatically as a result of external or internal shocks. Revived anti-nuclearism in Japan following the crisis at the Fukushima nuclear plant could be seen as one example.

Other unit-level factors considered by NCR include bureaucratic politics, public opinion, media and details of state institutions, each of which are addressed in the following chapter. In Japanese IR scholarship, the salience of domestic factors has gained significant ground in explaining Japan's behaviour which conflicts with Waltzian analysis. Domestic politics does not address the 'whether' according to Dueck, but the 'when' and 'how'.⁶⁵

Yet NCR departs from the theories of *Innenpolitik* and liberalism, which are considered 'often oversimplified and inaccurate'.⁶⁶ The key distinction is that whilst attention is paid to domestic variables these are intervening rather than dominant. It is the international system and relative material power which determines the parameters of foreign policy. Unlike liberalism the environment not the process is primary.

iii. *Norms and NCR*

NCR also incorporates the constructivist penchant for norms. As Kowert and Legro point out, by doing so NCR highlight 'analytical blind spots and gaps in existing

⁶⁵ Sten Rynning, 'The High Cost of Theory in Neoclassical Realism', *H-Diplo*, (July, 2009) <http://www.h-net.org/reviews/showrev.php?id=24339>

⁶⁶ Rose, 'Neoclassical Realism and theories of foreign policy', p. 150

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accounts'.⁶⁷ This also 'not only casts light into the shadows of existing theory but raises new questions (and offers new explanations) as well.'⁶⁸

Katzenstein is a particularly strong proponent. Katzenstein insists of the importance of norms, identity and institutions, not just international structure, to understand state behaviour. In his highly respected analysis Katzenstein took a 'sociological turn' challenging existing theories with consideration of domestic structures and cultures to explain Japan and Germany's post-war development.⁶⁹

Yet studying norms in isolation provides an inadequate picture of Japan's policy decisions. Norms are often difficult to identify and predict. The aftermath of 9/11 for example does not comply with what would be expected from a purely norms-based analysis. As Kliman points out, the deployment of the SDF 'should have generated significant public debate'.⁷⁰ The international power structure and influence of the relationship between Koizumi and Bush were however, influential factors.

Of the norms existent in Japan today four 'elite' and 'domestic' norms will be seen as particularly significant for this study. These are 'anti-militarism' or 'pacifism', 'anti-nuclearism', 'US bilateralism' and among elites, 'vulnerability at sea' (discussed in Chapter 8).⁷¹ The US-Japan alliance has held considerable sway over Japanese

⁶⁷ Kowert and Legro, 'Norms, Identity and Their Limits: A Theoretical Reprise' in J.J. Suh, Peter J. Katzenstein and Allen Carlson eds. *Rethinking Security in East Asia: Identity, Power, and Efficiency*, (Stanford: Stanford University Press, 2004), p. 452

⁶⁸ Ibid. p. 451

⁶⁹ Gourevitch, Keohane, Krasner, Laitin, Pempel, Streech, Tarrow, 'The Political Science of Peter J Katzenstein', *Political Science and Politics*, (October, 2008), pp. 893-899

⁷⁰ Kliman, *Japan's Security Strategy in the Post 9-11 World*, p. 15

⁷¹ Midford has recently argued, however, that rather than 'pacifism', Japan holds deep-rooted 'anti-militarist' feeling which might be more accommodating to an increased military role should certain conditions be met both externally and internally. For further explanation of Japanese public opinion of the

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policymakers, hesitant to please their partners; even if this compromises their own interests (Chapter 3a). Anti-militarism is one of the most striking features of contemporary Japanese politics and is often considered the prime reason for Japan not militarising, rather than structural issues. This norm, whilst externally-imposed has enjoyed consistent support from the majority of the population. Anti-nuclearism, especially important for this study has also found widespread support. The extent to which this norm has proven an obstructing factor in Japan's policy towards India will be discussed in Chapter 7 but following the Fukushima crisis of March 2011 is an evolving issue.

Norms are no doubt important but their influence on policy is considered in NCR dependent on how they are read and perceived by elites. When they are supported by structural realities they are believed able to constrain or empower decision-makers⁷² yet when structure challenges a domestic norm, elites are challenged as to whether or not to ignore the norm. The decisions to send Japanese troops into UNPKO missions in the early 1990s and more recently into Iraq and Afghanistan for example demonstrate a willingness to accept an albeit limited role for Japan's military and supports the argument of revisionists that the salience of the anti-militarism norm is declining. Yet whilst the initial deployment to Iraq in 2004 encouraged such a view, the limit of non-combat operations was only sustained until summer 2009. Japan's public continues to support strongly non-military instruments of foreign policy. In the *Asahi Shimbun* Constitution Day poll in April 2009 two-thirds voted,⁷³ as they did in 2008 to not wanting Article 9 to be revised.

military, see Chapter 8. Paul Midford, *Rethinking Japanese Public Opinion and Security: From Pacifism to Realism?* (Stanford: Stanford University Press, 2011)

⁷² Miyagi, *Japan's Middle East Security Policy*, p. 59

⁷³ 'Public Opinion Poll on the Constitution', *Asahi Shimbun*, May 1, 2009

iv. *The role of policymakers*⁷⁴

NCR adheres to the neorealist belief that foreign policy is dictated principally by a state's 'relative material power capabilities'. NCR argues, however, that foreign policy decisions, whilst reliant on material power, are mitigated by how that power is perceived by those who orchestrate it: statesmen. Since policy decisions are made by political leaders and elites, this human factor is as significant as genuine capabilities.⁷⁵ A 'state's self-reflection of its international position rather than the material geopolitical reality lies at the base of its policy'.⁷⁶ According to Rose the anarchic system provides states with only 'murky' signals⁷⁷ on how to act since 'there is no immediate or perfect transmission belt linking to foreign policy behaviour'.⁷⁸ There is therefore a 'lag between structural change and alterations in state behaviour'.⁷⁹ Governments in addition to other foreign policy actors are therefore required to translate messages into policy outputs through a system of 'filtering'.

Despite similar structural conditions, states respond differently since policy is formed by those with different beliefs. Since the state is not a single unit (as neo-realism

⁷⁴ Balance of threat realism also includes the perceptions of leaders but it is NCR which addresses both the centrality of the system with leaders' assessment of this system and how they are able to shape domestic public opinion around these views.

⁷⁵ Paul Kowert and Jeffrey Legro, 'Norms, Identity and Their Limits: A Theoretical Reprise', in Katzenstein, Peter J., *The Culture of National Security: Norms and Identity in World Politics*, (New York; Columbia University Press, 1996). A detailed analysis of the role of individuals in international relations and the circumstances in which their power has particular significance can be found in Daniel L. Byman and Kenneth M. Pollack, 'Let Us Now Praise Great Men: Brining the Statesman Back In', *International Security*, Vol. 25, No. 4 (Spring 2001), pp. 107-146. Byman and Pollack argue that individuals have been ignored by other theorists and use five case studies to demonstrate the crucial role of state leaders in shaping events and policy.

⁷⁶ Miyagi, *Japan's Middle East Security Policy*, p. 12

⁷⁷ Rose, 'Neoclassical Realism and Theories of Foreign Policy,' p. 152

⁷⁸ Ibid. p. 146-7

⁷⁹ Michael Desch, 'Culture-Clash: Assessing the Importance of Ideas in Security Studies', *International Security*, 23, (1), p. 166

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believes), this process involves internal debate until ‘consensus within an often decentralised and competitive political process’ is found.⁸⁰ NCR is also able to account for rare changes in policy when there is no systemic shift due to internal events such as ‘shifts in personnel, institutional power, or the popularity of particular ideas’.⁸¹ In this thesis the cases of Abe advocating an ‘Arc of Freedom and Prosperity’ and the election of the DPJ will be seen as two such examples. NCR posits that eventually, however, the system will triumph.

Detecting the influences on statesmen’s behaviour is complex. For one, NCR appreciates the pressure on governments to stay in office and thus satisfy public opinion. As Davidson points out, re-election is a ‘prerequisite to all other goals’.⁸² In most cases, however, disagreements over foreign policy do not have electoral consequences. Furthermore NCR argues that public opinion only impacts foreign policy when the opposition sides with the public.⁸³ Should such an issue arise, however, ‘public opinion trumps the other factors’.⁸⁴ Elites usually have their way eventually but some concessions are required. In democracies this point is particularly prevalent and since both India and Japan are democratically governed, (a rarity still in Asia) NCR’s appreciation is significant.⁸⁵

⁸⁰ Schweller, ‘Unanswered Threats, A Neoclassical Realist Theory of Underbalancing’, p. 164

⁸¹ Nicholas Kitchen, ‘Systemic pressures and domestic ideas: a neoclassical realist model of grand strategy formation,’ *Review of International Studies* (2010), 36, pp. 117–143

⁸² Davidson, *America’s Allies and War; Kosovo, Afghanistan and Iraq*

⁸³ In most cases, domestic preferences serve only to shape governmental responses rather than dictate them. For example, Colin Dueck shows that domestic preferences did not drive American intervention in Korea or Vietnam. International pressures were the dominant factor, whilst public and legislative opinion helped determine the parameters of intervention and its timing. Colin Dueck, *Reluctant Crusaders: Power, Culture and Change in American Grand Strategy*, (Princeton: Princeton University Press, 2006)

⁸⁴ Jason Davidson, ‘From Harmony to Hard Times: A Neoclassical Realist Explanation of Transatlantic Burden-sharing in Afghanistan and Iraq’, *Paper presented at ISA 50th Annual Convention 'Exploring the Past, Anticipating the Future, New York*, (February 2009), p. 18

⁸⁵ For more discussion of the role of public opinion on Japanese policymaking, see Chapter 4.

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Secondly, leaders may be misguided when making a policy decision based on errors in their judgement of domestic opinion. Even if policymakers believe they appreciate their relative power and public opinion this might not correspond with perceptions among the general citizenry.⁸⁶ Indeed the 'public' is generally considered to be a pluralist entity consisting of several, often conflicting interest groups. In order to satisfy the majority therefore, elites may well have to compromise. Domestic groups such as those motivated by commercial interests for example might oppose a foreign policy with negative economic implications whilst rights-groups might be in favour. A further challenge for policymakers is appreciating in a timely manner when public opinion changes. Moreover a leader's perceptions of a situation may move quicker than the change in capabilities. For the current subject of study, Leobell et al. believe Japan's bureaucracy holds different conceptions of defence priorities to the general public.⁸⁷

Finally as Schweller points out, states 'must reach consensus within an often decentralised and competitive political process'.⁸⁸ In this further respect, adherents of NCR differ from structuralists by viewing states as not unitary actors but often divergent groups with at times different objectives and influence. As Goldstein and Keohane recognise, individuals within these groups frequently have 'fundamental differences in normative beliefs about policies among themselves'.⁸⁹ Within Japan's political system, this latter point will be examined in Chapter 4.

⁸⁶ Just as NCR does not however conceive of the state like neo-realists as an autonomous concept, NCR differs from theories like Marxism which see the state as representing only the interests of a certain class or social group.

⁸⁷ Ibid.

⁸⁸ Schweller, 'Unanswered Threats, A Neoclassical Realist Theory of Underbalancing', p.164

⁸⁹ Judith Goldstein and Robert O. Keohane eds. *Ideas and Foreign Policy: Beliefs, Institutions and Political Change*, (New York: Cornell University Press, 1993), p. 16

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Pant, in his analysis of the ‘transformation’ of relations between Japan and India explicitly addresses the roles of leadership which has ‘played a major role in facilitating enhanced India-Japan ties in recent years’.⁹⁰ Pant explores the roles of Prime Ministers Mori, Abe, Rao and Vajpayee. Terada’s analysis of Japan’s favour of an ASEAN+6 initiatives also looks at the role of Japanese ministries and leadership.⁹¹ In NCR the perceptions⁹² of decision-makers act as the supreme intervening variable over systemic pressures. For Wohlforth, ‘Decision-makers’ assessments of power are what matter’, echoed by Zakaria who argues that ‘statesmen, not states, are the primary actors in international affairs.’⁹³ NCR therefore gives greater emphasis to agency than neo-realism and explains why certain structural changes result in agents responding differently. China’s rise for example has resulted in different responses across the region, stretching from adversarial, benevolent or indifferent.⁹⁴ China is seen as a threat by many but also a market.

For some scholars, detailed analysis of the foreign executive’s identity⁹⁵ and world beliefs is required to draw valid conclusions. In order to grasp the true impact of elite perceptions on Japan’s policy towards India, it is therefore necessary to look inside the policy process and identify the various actors involved. This task will be undertaken in Chapter 4.

⁹⁰ Harsh Pant, ‘India-Japan Relations: A Slow, But Steady, Transformation,’ in Sumit Ganguly ed., *Indian Foreign Policy*, (Oxford: Oxford University Press, 2009)

⁹¹ Terada, ‘The Origins of ASEAN+6: Japan’s Initiatives and the Agent-Structure Framework’

⁹² Perception is generally, understood as one’s intersubjective understandings of an object, or situation that derive from his/her particular cognitive lenses. Robert Jervis, *Perception and Misperception in International Politics*, (Princeton University Press, 1976)

⁹³ Zakaria, ‘Realism and Domestic Politics: A Review Essay’ p. 42

⁹⁴ Author’s interview with Mutiah Alagappa, *Distinguished Senior Fellow, East-West Center*, Washington DC, 20 June, 2011

⁹⁵ This is understood to include the head of government and key ministers and officials in charge of foreign or regional policy

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III. NCR and East Asia

Other analysts of East Asian international relations within the framework of NCR include Cha, Davidson, Nau, Kliman, Stirling-Folker and Terada. Perhaps the earliest example, however, of this approach being utilised for Japan can be seen in Edwin Reischauer's observation in 1977; 'Whatever the mechanism for formulating foreign policy, the chief determinants are inevitably the actual international realities and the national perception of these.'⁹⁶

Cha's analysis of the relationship between Korea and Japan during the Cold War in the 'spirit'⁹⁷ of NCR, privileges unit-level perceptions of external threats rather than tangible conditions. Alignment choices are not a direct result of external threats but 'refracted through perceptions of of patron commitment'. In addition, Cha develops a 'quasi-alliance' model defined as 'the relationship between two states that are un-allied but share a threat great-power patron as a common ally'.⁹⁸ Japan and South Korea not only share a common ally in the US but also common threats from their neighbours.

Cha proposes that his quasi-alliance model would be enhanced by testing its applicability to other international relationships but it is questionable how suitable it would be for India-Japan relations. The rise of India as an independent power suggests that this model will not translate despite having the US as a 'common patron'. Cha claims that the model 'appears most relevant to regional security situations where small

⁹⁶ Subhash Kapila, 'Japan-India Strategic Cooperation – a perspective analysis', *South Asia Analysis*, (June, 2000), <http://www.southasiaanalysis.org/%5Cpapers2%5Cpaper126.html> (Accessed on 07/07/09)

⁹⁷ Victor D. Cha, 'Abandonment, Entrapment, and Neoclassical Realism in Asia: The US, Japan, and Korea', *International Studies Quarterly*, Vol. 44, No. 2 (June, 2000), p. 263

⁹⁸ Ibid.

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geographically proximate powers need the support of a common great power protector',⁹⁹ which does not correlate with India's predicted future.

Davidson employs a NCR angle to his study of China's revisionist aspirations arguing that 'state preferences may have domestic sources, but also notes firmly that power is at the heart of international politics'.¹⁰⁰ For Davidson, a government (in this case China's) attitude towards revisionism is shaped by domestic pressures, accompanied by what he terms the 'balance of allied resolve'.

Nau's approach, whilst not classified as NCR combines realist and constructivist variables of power and identity to what he calls Asia's 'democratic security community'.¹⁰¹ Nau rejects both realism for its dependence on 'situations of anarchy' and constructivism, which he claims does not 'deal adequately with performance or outcomes' when considering 'self-images...irrespective of external power positions.'¹⁰² Although not explicitly stated, Kliman's claim to not be 'a proponent of any mainstream theoretical school, but instead favours an eclectic approach that incorporates elements of realism and cultural norms'¹⁰³ suggests he adheres to a form of NCR. He balances relative power considerations with the 'powerful idealism of Japanese pacifism'.

⁹⁹ Ibid., p. 290

¹⁰⁰ Jason Davidson, 'The China Puzzle: A Neoclassical-Realist Solution', Paper prepared for presentation at the 2002 International Studies Association Annual Conference in New Orleans, (March 14, 2002)

¹⁰¹ Henry Nau, 'Identity and the Balance of Power in Asia,' in G. J. Ikenberry and M. Mastanduno (eds.) *International Relations Theory and the Asia-Pacific*, (New York; Columbia University Press, 2003) p. 213

¹⁰² Ibid. p. 214

¹⁰³ Ibid. p. 213

IV. Additional 'hybrid' departures from mainstream theories

NCR has of course not been the only modification to traditional realist theory. Most closely associated to NCR are postclassical realism and analytical eclecticism but as the below critique will demonstrate, neither holds the explanatory rigour of NCR.

i. Postclassical realism

'Postclassical realism', coined by Stephen Brooks in 1997¹⁰⁴ notably prior to Rose's recognition of the NCR model shares NCR's rejection of neo-realists like Waltz who have failed to argue convincingly Japan's post-war behaviour. Both assume that the behaviour of states is shaped by the international system thereby also discarding constructivists like Berger and Katzenstein who have even claimed that 'Japan's policy of external security is *largely* shaped by factors that realist theory excludes from analysis.'¹⁰⁵

This approach, however, differs from NCR by placing more explicit attention to economic power and the security dilemma. Postclassical realists explain Japan's basic policy as one that seeks to 'reduce the intensity of the security dilemma' by maintaining the US alliance and modest military defences. Decreasing military expenditure would create a power vacuum whilst increasing would 'ignite an arms race in the region' with huge financial implications. The approach is more 'cost-sensitive' than neo-realists

¹⁰⁴ Stephen Brooks, 'Dueling Realisms,' *International Organization*, Vol. 51, No. 3 (Summer 1997), pp. 445-477

¹⁰⁵ Katzenstein cited in Tsuyoshi Kawasaki, 'Postclassical realism and Japanese Security Policy,' *Pacific Review*, Vol. 14, No. 2 (2001) emphasis added by Kawasaki, p. 225

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consider but less so than mercantile realism which places greater attention on economic considerations.

Furthermore as Rose censures, postclassical realism only pays ephemeral interest in unit-level factors. 'Its first-order systemic argument does not account for much of the actual behaviour, thus forcing its adherents to contract out the bulk of their explanatory work to domestic-level variables introduced on an ad-hoc basis.'¹⁰⁶

ii. *Analytical eclecticism*

Analytical eclecticism shares a greater number of characteristics with NCR than postclassical realism. Katzenstein adopts an approach favouring 'problem-driven research' rather than 'approach-driven analysis', to avoid unnecessary paradigmatic debate in the hope of creating more 'intellectually interesting or policy relevant' research. Katzenstein rejects what he calls the 'privileging of parsimony' in IR for 'sacrificing explanatory power in the interest of analytical purity'. Attention to suiting research traditions has failed to 'generate better solutions to existing problems' with how to explain the international system.

This involves adopting an 'eclectic approach, not as a substitute but as a complement to well-established styles of analysis'¹⁰⁷ through combining realist, liberal and constructivist modes of explanation. Katzenstein claims pure realism falters due to its

¹⁰⁶ Rose, 'Neoclassical Realism and Theories of Foreign Policy,' p. 150-151. Others that argue that constructivism is not incompatible with realism such as Barkin consider an approach known as 'realist constructivism' to be a valid form of theoretical enquiry. Samuel Barkin, 'Realist Constructivism' *International Studies Review* 5(2003) and Robert S Synder, 'Bridging the Realist/Constructivist Divide: the Case of the Counterrevolution in Soviet Foreign Policy at the End of the Cold War' *Foreign Policy Analysis*, Vol. 1, Issue 1., (March 2005), pp. 55-71

¹⁰⁷ Katzenstein, 'Japanese security in perspective' p. 2

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reliability on constructivist assumptions such as interest, threat or prestige whilst liberalism falls short due to its underlying assumption that identities are unchanging. This pragmatic approach 'avoids rigid commitments to working only within existing research traditions'¹⁰⁸ whilst also fostering dialogue between research traditions.

The tool has gained credence due its applicability in certain cases of Japan's international diplomacy, which have mystified dominant research traditions. Given the complex combination of power, identity and norms in Asia-Pacific and particularly Japanese security,¹⁰⁹ Katzenstein's model has gained some ground.

Yet whilst both 'analytical eclecticism' and NCR seek to utilise analytical tools from more than one paradigm, key differences remain. Firstly, 'analytical eclecticism' does not privilege one tool over another.¹¹⁰ 'Analytical eclecticism' is willing to 'borrow selectively' from any combination of variables. NCR differs fundamentally in unashamedly placing emphasis on the balance of power and primacy of structure.

Katzenstein appreciates that 'analytical eclecticism' risks being 'too eclectic...too accommodating to too many potential variables and/or being too analytic, problematizing everything in sight' as Khong too criticises.¹¹¹ Indeed Katzenstein has not created a new theoretical approach since in order to achieve this, key variables would need to be identified and a suitable methodology put forward. 'Analytical eclecticism' therefore stands as an important contributor to an approach to Asia-Pacific

¹⁰⁸ Ibid p. 266

¹⁰⁹ Ibid. p. 274

¹¹⁰ Katzenstein also argues, 'Analytical eclecticism does not privilege any one type of combinatorial formula or seek to build a unified theory encompassing each and every variable identified in competing research traditions.' Katzenstein and Sil, 'Rethinking Japanese Security: A Case for Analytical Eclecticism' (2004) <http://www.arts.cornell.edu/tmpphp/publications/Katzenstein-ch1.pdf> p. 16

¹¹¹ Yuen Foong Khong, 'Making Bricks without Straw in the Asia Pacific?' *Pacific Review* 10, 2, (1997) pp. 289-300.

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security which does not favour one variable over all others but fails to provide a concrete approach in itself.

The primacy of the international balance of power in Asia, remains the independent variable through which other factors should be filtered thus differentiating NCR from 'analytical eclecticism' whilst appreciating the latter's theoretical contribution.

V. Criticisms

NCR is not without its critics. Legro and Moravcsik are among the fiercest who in a scathing attack directly criticise NCR for among things, its inclusion of domestic variables. They claim these theories 'inevitably import consideration of exogenous variation in the societal and cultural sources of state preferences, thereby sacrificing both the coherence of realism and appropriating midrange theories of interstate conflict based on liberal assumptions'.¹¹² They argue that NCR scholars are really liberals with an identity crisis.

NCR is also chided for the constructivist elements of their approach. Legro and Moravcsik condemn what they see as the current trend in IR theory which has resulted in a contemporary 'minimal realism' that 'now encompasses nearly the entire universe of international relations theory...and excludes only a few intellectual scarecrows'. For Legro and Moravcsik, paradigms must demonstrate distinctiveness and coherence. A '*post hoc* effort to explain away the anomalies of neo-realism, making use of whatever

¹¹² Legro and Moravcsik in Peter D. Feaver, Gunther Hellman, Randall L. Schweller, Jeffery W. Taliaferro, William C. Wohlforth, Jeffery W. Legro, Andrew Moravcsik, 'Brother Can You Spare a Paradigm? (Or Was Anybody Ever a Realist?)' *International Security*, Vol. 25, No. 1 (Summer, 2000) p.182

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tools are necessary to plug the holes of a sinking ship'¹¹³ is another charge laid at the door of NCR.¹¹⁴

NCR responds arguing that incorporating aspects of other IR theories benefits their approach and reject a 'monocausal formulation of the paradigm.'¹¹⁵ As Rathbun argues, domestic politics and ideas cannot be possessed by one paradigm and not another. Constructivism does not 'own ideas', nor does liberalism 'own domestic politics'. In fact both are 'fair game for realism and neoclassical realists have taken up this mantle'.¹¹⁶ As Nye argues, 'liberal theory should not be seen as an antithesis to realist analysis but as a supplement to it. International relations theory is unnecessarily impoverished by exclusivist claims'.¹¹⁷ In fact, NCR does not believe that cultural factors can supplant realism's basic tenets. As Desch argues, cultural theories can only supplement security studies by filling a gap between structural change and differences in state behaviour and explain state irrationality.¹¹⁸ Whilst NCR considers domestic factors they crucially do not believe them to be the primary determinants of foreign policy. NCR shares with neo-realists the core assumption of the importance of structure but have taken a 'progressive next step'¹¹⁹ by incorporating domestic units into their analysis.

¹¹³ Rathbun, 'A Rose by Any Other Name,' p. 295

¹¹⁴ Rose appreciates this potential criticism in his 1998 article, foreseeing critics who see the emphasis on perceptions as a 'giant fudge factor, useful for explaining away instances where foreign policy and material power realities diverge.' Rose, 'Neoclassical Realism and Theories of Foreign Policy,' p. 168

¹¹⁵ Legro and Moravcsik in Feaver et al., 'Brother Can You Spare a Paradigm?' p. 175

¹¹⁶ Ibid.

¹¹⁷ Joseph Nye cited in Feaver et al., 'Brother Can You Spare a Paradigm? (Or Was Anybody Ever a Realist?)' p. 174

¹¹⁸ Desch identifies three contributions of cultural theories; 'First, cultural variables may explain the lag between structural change and alterations in state behaviour. Second, they may account for why some states behave irrationally and suffer the consequences of failing to adapt to the constraints of the international system. Finally, in structurally indeterminate situations, domestic variables such as culture may have a more independent impact.' Desch, 'Culture Clash: Assessing the Importance of Ideas in Security Studies', p. 166

¹¹⁹ Rathbun, 'A Rose by Any Other Name', p. 311

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The framework is continuing to grow in strength. A number of recent articles explicitly cite NCR as its theoretical underpinning. As with all theories, modifications to its central assumptions will improve its effectiveness but it can be argued with conviction that NCR represents a welcome addition to IR scholarship.¹²⁰

VI. Conclusion

NCR provides a practical, balanced and policy-relevant construct from which to base this thesis. NCR is now a major research field in the realist tradition and one increasingly adopted by scholars. Changes to the international structure, for example the surge of economic growth in China and *relative* weakening of US presence in Asia has undoubtedly altered the environment in which elites operate but it is how these changes are perceived that dictates which policy is adopted. Whilst outcomes might not always be neat, incorporating NCR's attention to domestic factors is essential. Cultural factors, internal politics and the executive leadership have all influenced Japan's evolving relations with India.

With consideration for the above therefore, the dependent variable of this study is Japan's foreign policy towards India, whilst the international structure/relative power distribution is considered the independent variable.¹²¹ The intervening variables of elite

¹²⁰ Coalition burden sharing and the influence of domestic factors in state decision making have been particularly popular. Daniel F. Baltrusaitis, 'Friends Indeed? Coalition Burden Sharing and the War in Iraq', *Storming Media: Pentagon Reports*, <http://www.stormingmedia.us/14/1416/A141684.html>, (Accessed on 02/04/09); Davidson, 'From Harmony to Hard Times: A Neoclassical Realist Explanation of Transatlantic Burden-sharing in Afghanistan and Iraq'

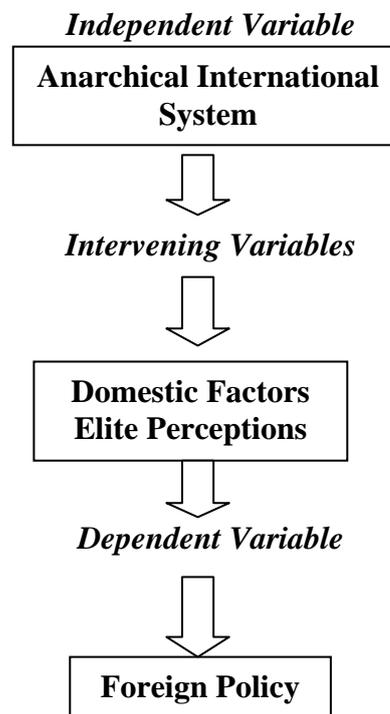
¹²¹ Here the term 'dependent variable' is understood to mean those details liable to change, which are influenced by other variables. 'Independent variables' act upon or explain change in a dependent variable and represent the 'cause'. In NCR the additional 'intervening' or 'control variable' intersects the dependent and independent. As McNabb defines, 'a change in the intervening variable must be 'caused' by the independent variable; this change then 'causes' the change in the dependent variable. David E. McNabb, *Research Methods for Political Science: Quantitative and Qualitative Approaches*, 2nd edition,

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perceptions and domestic constraints and policy-making are incorporated to provide an inclusive analysis.¹²² A diagram demonstrating how this works for any foreign policy question is given below, in addition to another specifically on Japan's decision-making towards India.

Figure 1

The NCR Model for Explaining Foreign Policy Decisions

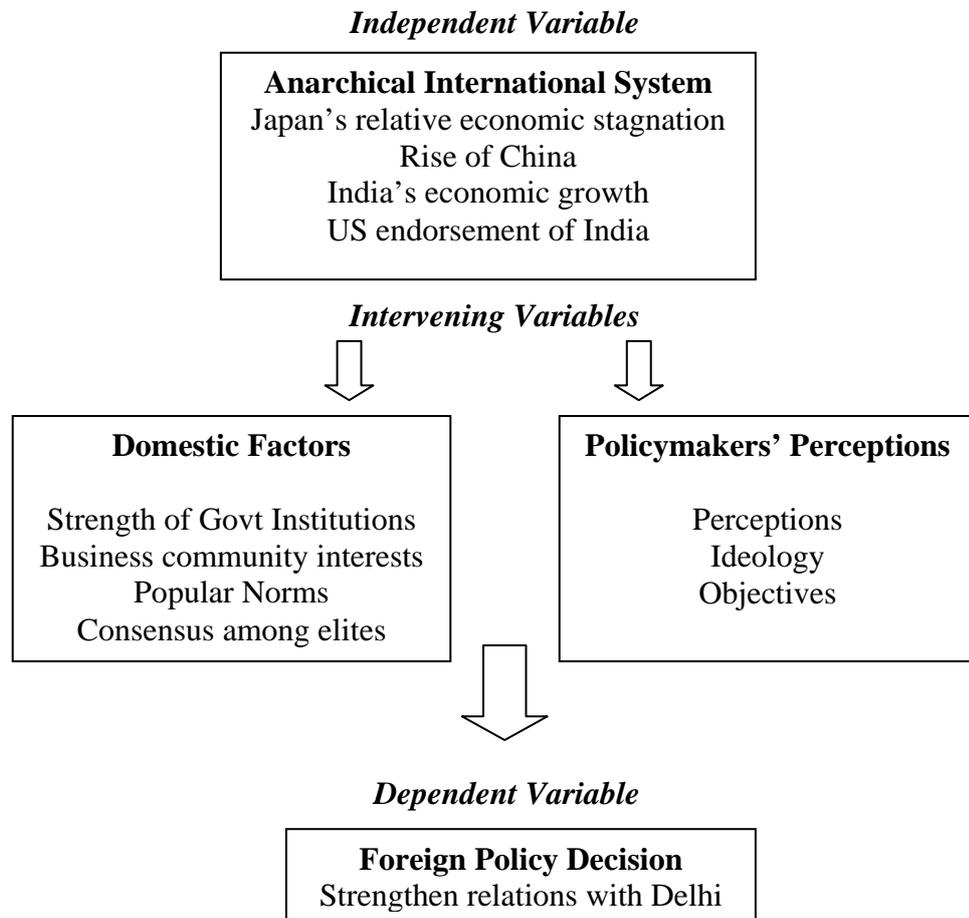


(New York: M.E. Sharpe Inc, 2009), p. 86. International structure is taken as the anarchical system espoused by Waltz, including the distribution of power capabilities between states.

¹²² The intervening variables employed by proponents of NCR differ according to the scholars preference; Wohlforth, Taliaferro, and Friedberg emphasise misperception; Christensen focuses on the mobilization of domestic political forces; Ripsman and Zakaria on domestic politics; Snyder and Layne on ideology; and Dueck on both domestic politics and strategic culture.

Figure 2

Using NCR to Explain Japan's Policy Towards India



To begin utilising NCR, this thesis will now turn to what are considered the primary structural factors which have shaped Japanese policy; the US and rise of China. The following section will look at domestic-level factors which intervene before three case studies are introduced.

3. The Dominance of Structure: the US and China in Japanese Policymaking

Prior to analysing in detail the nature of Japan's policy towards India, it is necessary to consider the international structure within which these relations operate. Asia and the global order are rapidly changing but for Japanese policymakers the key structural issues remain the US-Japan alliance and rise of China. Other structural influences exist but the below are considered of central importance.¹

A) The Role of the United States

Scholars for many years have argued that the US determines the majority of Japan's foreign relations.² Examples cited are the decision to recognise the PRC in 1972, pro-Pakistan slant during the Cold War and more recently Japan's acquiescence to India's NSG exemption. The US' presence is undoubtedly a key structural factor which contributes to Japanese policymaking. Indeed despite being geographically distant, the US plays an integral role in Asian politics. Washington has long considered itself a 'resident power'³ and vital member of the regional security community, a 'central force in constituting regional stability and order'.⁴

¹ These two factors are also those most associated with Japanese foreign policy in the majority of scholarship.

² The main proponent of this thesis is Kent Calder, see Calder, 'Japanese Foreign Economic Policy Formation: Explaining the Reactive State,' *World Politics*, Vol. 40, No. 4, (July 1988), pp. 517-541

³ Ralph Cossa, 'Northeast Asian Regionalism: A (Possible) Means to an End for Washington', *Council on Foreign Relations*, (December 2009), p. 1

⁴ 'Hierarchy and the Role of the US in the East Asian Security Order', *International Relations of the Asia-Pacific* 8:3, September 2008, p. 353

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To what extent, however, has the US shaped Japan's policy towards India? In contrast to the role of the Middle East, China and Southeast Asia, the subcontinent has only recently been discussed within the framework of the US-Japan alliance but does this suggest the US plays a negligible role or merely one only recently created? In order to answer these questions, the following section will outline the US' role in Japan's foreign policy before defining US interests in India and how this has translated into support for Japan's India policy.

The US plays three discernible functions: 1) To support closer bilateral ties in order to balance China's influence in the region and through US parenting ensure a role for the US in changing power dynamics. This is achieved through the promotion of trilateral or quadrilateral dialogues. 2) Involves the perception among Japanese policymakers of the US' relative decline and Tokyo's subsequent need to diversify its security partners. Finally 3), Washington's presence acts encourages the belief that Japanese policy mirrors that of the US and is therefore not autonomous.

The influence of each of these roles is not linear and each has differed over time. The independent structural factor of the US, as NCR argues, also waivers dependent on policy and the extent to which domestic factors intervene. In economic relations, including the provision of ODA, the US plays a minor or even insignificant role in Japan's strategic outlook. On nuclear matters Japan retains some autonomy and reacts to domestic-level factors such as commercial incentives. In military/security affairs, however, the US is a critical factor.

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I. The US-Japan alliance

Following the devastation of World War Two, Japan was occupied by US forces and compelled to sign a US-drafted Constitution. Japan was obliged among other conditions, to discount war as a tool of foreign policy, drastically reduce its military arsenal and cede territorial conquests. In 1960 among much domestic opposition, the Japanese government signed a Security Treaty which clarified in greater detail the terms of the alliance and brought the 'semblance of equality' to relations. Japan has never committed to the defence of the US but with closely shared security interests and policies, the alliance has become a key regional stabiliser. Throughout the Cold War, Japan's partnership with the US played an essential role in Washington's Pacific policy which gradually encouraged Japan's 'normalisation' and development from 'protégé to partner'.⁵

By 2000 the first 'Armitage-Nye Report' labelled Japan the 'keystone of the US involvement in Asia'.⁶ Japan was called to revise its Peace Constitution, remove its ban on collective defence and embrace the idea that China posed a strategic threat, first articulated in the December 2004 NDPG. Deputy Defense Secretary Wolfowitz further urged Japan to contribute 'boots on the ground' in Iraq if it wished to gain permanent membership to the UN Security Council.⁷ Despite these pressures positive opinion towards America in Japan was preserved.⁸ The transformation of the alliance from a

⁵ Wu Xinbo, 'The End of the Silver Lining: A Chinese View of the US-Japanese Alliance', *The Washington Quarterly*, Vol. 29, No. 1 (2005), p. 119

⁶ Carin Zissis, 'Crafting a US Policy on Asia', *Council on Foreign Relations*, April 10, 2007, <http://www.cfr.org/publication/13022/> (Accessed on 07/09/09)

⁷ Gavan McCormack, 'Koizumi's Japan in Bush's World: After 9/11', *Japan Focus*, <http://www.japanfocus.org/-Gavan-McCormack/2111> (Accessed on 06/09/09)

⁸ Angela Stephens, 'Public Opinion in India and America', March 1, 2006, p. 1, <http://www.worldpublicopinion.org/pipa/articles/brasiapacificra/176.php?nid=&id=&pnt=176&lb=bras> (Accessed on 14/05/10)

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bilateral or regional, to a global framework was well-received⁹ so that Bush's tenure in particular has been widely considered a 'honeymoon period' for relations.¹⁰

i. *President Obama*

The election in November 2008 of Barack Obama signalled a change in the direction of US foreign policy, confirmed in May 2011 with the release of a new National Security Strategy. In this document a shift away from pre-emption was a major theme.¹¹ The other, was an altered estimation of US power. According to the Strategy, 'No one nation — no matter how powerful — can meet global challenges alone'.¹²

In Secretary of State Hillary Clinton's 2009 tour of Asia this move was tangible. The US showed itself keen to remain relevant to the region whilst acknowledging the development of regional integration efforts. Many in Asia had considered US policy to have stalled during Bush's second term when focus was realigned towards the Middle East. Clinton's symbolic visit to Asia as her first foreign trip,¹³ indicated the centrality

⁹ Kazuo Ogoura, 'Obama and the alliance', *Japan Times*, January 20, 2009, <http://search.japantimes.co.jp/cgi-bin/eo20090120ko.html> (Accessed on 20/01/09)

¹⁰ Jun Hongo, 'Japan aims to be seated when Obama resets diplomatic table', *Japan Times*, January 22, 2009, <http://search.japantimes.co.jp/cgi-bin/nn20090122a6.html> (Accessed on 22/01/09) Positive feelings towards Bush's tenure were not absolute. Many Japanese conservatives were alarmed at America's 'soft' stance on disarming nuclear North Korea, especially when the US took North Korea off its blacklist of state sponsors of terror. For many in Japan the move was perceived as a 'betrayal'. 'Envoy confident US-Japan ties will remain strong under Obama', *Japan Times*, January 27, 2009, <http://search.japantimes.co.jp/cgi-bin/nn20090127f3.html> (Accessed on 27/01/09)

¹¹ Paul Reynolds, 'Obama modifies Bush doctrine of pre-emption', *BBC News*, 27 May 2010, <http://www.bbc.co.uk/news/10178193> (Accessed on 27/05/10)

¹² 'The National Security Strategy: Realpolitik returns - The National Security Strategy reveals a narrower view of what force can accomplish', *The Economist*, 27 May 2010, <http://www.economist.com/node/16243791> (Accessed on 28/05/10)

¹³ The last time a new US Secretary of State had visited Asia first was in 1961. 'Hillary says hello to Asia: American diplomacy in Asia', *The Economist*, 19 February, 2009, http://www.economist.com/world/asia/displayStory.cfm?story_id=13145069 (Accessed on 19/02/09)

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of US-Asia ties.¹⁴ She spoke of the region as ‘indispensable’ to address global challenges and the centrepiece of the administration’s foreign policy strategy.¹⁵ The administration also signed the Treaty of Amity and Cooperation, opening the potential for American membership to the East Asia Summit.¹⁶

The countries within ‘Asia’ which the US initially chose to concentrate on differed, however, from Bush causing particular concern in Tokyo and Delhi. For Japan the most troubling aspect was the shift from Bush’s policy of viewing China as a ‘strategic competitor’ to engaging directly with Beijing.¹⁷ Prior to taking office many in Japan suspected such an alignment following Clinton’s focus on China in a 2007 *Foreign Affairs* article. Japan also feared economic policies similar to those of fellow Democrat Bill Clinton, which pushed for Japan to open its markets, resulting in a sharp appreciation of the yen.¹⁸ In addition there was concern that the economic downturn would encourage Obama to impose protectionist tariffs on trade.¹⁹ Commentators analysed minute details of Obama’s early days in office speculating for instance that greater attention was given to the appointment of Ambassador in Beijing than Tokyo or Delhi.²⁰

¹⁴ Hillary Clinton, ‘US-Asia Relations: Indispensable to Our Future’, *Remarks at the Asia Society, New York*, 13 February, 2009, Available at <http://www.state.gov/secretary/rm/2009a/02/117333.htm> (Accessed on 19/02/09) According to Clinton, ‘Asia is...a region of vital importance to the US today and into our future.’

¹⁵ ‘Clinton seeks stronger Asia ties’, *BBC News*, February 16, 2009,

<http://news.bbc.co.uk/1/hi/world/americas/7891511.stm> (Accessed on 14/09/09)

¹⁶ Nina Hachigian, ‘Obama’s first steps in Asia’, *East Asia Forum*, 27 December, 2009,

<http://www.eastasiaforum.org/2009/12/27/obamas-first-steps-in-asia/> (Accessed on 28/12/09)

¹⁷ ‘Ms Clinton and US strategy’, *Editorial, Japan Times*, 25 February, 2009,

<http://search.japantimes.co.jp/cgi-bin/ed20090225a2.html> (Accessed on 25/02/09)

¹⁸ Hiroshi Nakanishi, ‘Will Obama’s promise of change include US-Japan relations?’ *Japan Times*, 1

January, 2009, <http://search.japantimes.co.jp/cgi-bin/eo20090101a1.html> (Accessed on 02/01/09)

¹⁹ Hiroko Nakata and Takahiro Fukada, ‘Japan to Obama: Stay far away from trade issues’, *Japan Times*, 22 January, 2009, <http://search.japantimes.co.jp/cgi-bin/nb20090122a1.html> (Accessed on 22/01/09)

²⁰ Robert Dujarric and Weston S. Konishi, ‘Incoming ambassador Roos is right for the job’, *Japan Times*, 17 June, 2009 <http://search.japantimes.co.jp/cgi-bin/eo20090617a1.html> (Accessed on 17/06/09)

Dujarric and Konishi claim, ‘Joseph Nye was considered a more ‘heavyweight ambassador’ for Tokyo than John Roos’, with Brahma Chellaney adding that ‘While Obama named John Huntsman — the Utah

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Gradually the centrality of Sino-US relations became increasingly clear. Clinton plainly spoke of building a strong relationship with China as her ‘central goal’,²¹ further stating that the US wished to broaden its strategic dialogue with Beijing to include security and economic interests.²²

Through 2009 onwards, however, the relationship between China and the US stumbled over trade disputes, arms sales to Taiwan, the Dalai Lama and human rights. China’s military modernisation and lack of transparency were also causes of tension. As a result the Obama administration began to reassess suggestions of forming a ‘G2’ partnership and reverted to traditional alliances such as that with Tokyo.

Relations between Tokyo and Washington were damaged, but not fatally in 2009, however, when the DPJ took power from the LDP who had long cultivated close relations with the US. In a bid to demonstrate Japan’s autonomy, Prime Minister Hatoyama pledged to remove the unpopular US Marine bases from Okinawa and forge a more equal partnership. The ensuing frosty reception ultimately led to Hatoyama’s resignation. The issue had already caused tension in 2005 when a stalemate in negotiations led US Defense Secretary Donald Rumsfeld to leave Japan off his travel

state governor and a rising Republican star seen even as a potential 2012 rival to the president — as his ambassador to China, he picked obscure former Congressman Timothy Roemer as envoy to India and a low-profile Internet and biotechnology lawyer, John Roos, as ambassador to Japan. Obama underlined China's centrality in his foreign policy by personally announcing his choice of Huntsman. In contrast, Roemer and Roos were among a slew of ambassadors named in an official news release’. Brahma Chellaney, ‘Dancing with the dragon’, *Japan Times*, 25 June, 2009, <http://search.japantimes.co.jp/cgi-bin/ea20090625bc.html> (Accessed on 26/06/09)

²¹ ‘Clinton stresses key China goals’, *BBC News*, September 11, 2009, <http://news.bbc.co.uk/1/hi/world/asia-pacific/8249824.stm> (Accessed on 11/09/09)

²² Philip Stephens, ‘Diplomatic feint that looks to leave Japan in the cold’, *Financial Times*, February 26, 2009, <http://www.ft.com/cms/s/0/2124278c-0437-11de-845b-000077b07658.html> (Accessed on 27/02/09)

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itinerary.²³ The difference in 2009/10, however, was due not only to Hatoyama's ineptitude when articulating his position but changing power dynamics. In the face an increasingly belligerent China and uncertainty around the succession in North Korea, Japan questioned the value of riling their alliance partners. As Foreign Minister Okada argued, 'The Japanese people have tended to take peace for granted',²⁴ the dispute provided an opportunity to appreciate the importance of the US-Japan alliance.²⁵

Following the bases-dispute, some scholars believed the US no longer trusted Japan. However, US-Japan relations were soon on track. The 2011 earthquake served as an example of alliance-solidarity as the US deployed the *USS Ronald Reagan*, 140 airplanes and 10 naval ships to conduct the first ever Japan-US joint operations.²⁶ The 2+2 talks in Washington, in June 2011 also signalled resumption to the norm.

II. US conceptions of India

The US considers India of crucial strategic significance. In a dramatic turnaround from the Cold War, recent US administrations have moved from classifying India a Soviet 'satellite' and hyphenated partner in the 'Indo-Pakistan' problem to an independent global player.

²³ 'Japan off Rumsfeld itinerary due to base impasse', *Japan Times*, 7 October, 2005, <http://search.japantimes.co.jp/cgi-bin/nn20051007a1.html> (Accessed on 15/09/09)

²⁴ 'Base drubbing: A deal over a marine base mends a rift between the two allies—but opens a new one within Japan', *The Economist*, 28 May 2010, http://www.economist.com/node/16248757?story_id=E1_TGNQRSVS (Accessed on 28/05/10)

²⁵ Author's interview with Koji Murata, *Professor of Political Science, Doshisha University* 1 June 2010

²⁶ Masahi Nishihara, 'How the earthquake strengthened the Japan-US alliance', *East Asia Forum*, 29 June 2011, <http://www.eastasiaforum.org/2011/06/29/how-the-earthquake-strengthened-the-japan-us-alliance/> (Accessed on 30/06/11)

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i. *President Clinton*

The US rapprochement with India is often accredited to President Bush and 9/11 but genuine reconciliation began under the Clinton administration. With the dissolution of the Soviet Union, the US was given the opportunity to engage with a region previously 'off limits'. Clinton, as the first post-Cold War President, showed signs of rebuilding partnerships lost during bipolarity, including former Soviet states and those 'nonaligned'. India was a particular priority.²⁷ As the US diplomat Strobe Talbott argues, 'the global rivalry between the US and the Soviet Union was a crucial factor in determining American relations with both India and Pakistan'.²⁸ The very birth of the two nations came at a time when bipolarity was becoming established. India accepted Soviet aid in the form of finance for steel mills, public works and air force weaponry and often voted in Moscow's favour in the UN. Meanwhile the US fostered relations with Indian adversaries such as Pakistan from 1954 and China from 1971. India felt further aggrieved by the US perceived hostility to India's security when China and not India was granted membership to the UN Security Council.

Despite hoping to launch new diplomatic initiatives early in Clinton's administration when approval ratings were high, reconciliation was slow to develop. In part this was due to domestic distractions but events on the subcontinent were also influential. India's 1998 nuclear tests (discussed in Chapter 7) temporarily shattered hopes of bringing India quickly into America's collection of allies. Perceptual differences over the issue of

²⁷ For a fascinating account of the US' efforts at rapprochement with India in the late 1990s, see Strobe Talbott, *Engaging India: Diplomacy, Democracy and the Bomb*, (Washington DC: Brookings Institution Press, 2004) According to Talbott's report, both Bill and Hillary Clinton had long held a 'fascination' with India as a 'laboratory for experiments in grass-roots democratisation and social entrepreneurship,' p. 20

²⁸ Talbott, *Engaging India*, p. 9

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nuclear tests were stark. For Delhi the issue was simply one of ‘sovereignty, security and equity’ but for Washington, the stability of the global nuclear order was at risk.²⁹ India knew the tests would provoke American condemnation but also hoped this attention would provide positive dividends. Estrangement continued despite diplomatic efforts and a 1998 Pentagon report which labelled India a ‘defence-industrial centre of strength’ which the US should explore.³⁰ Gradually opinions in Washington began to realise the need to rethink nuclear policy towards India, especially in light of the Kargil crisis of 1999.

By the end of the Clinton administration some headway had been made through the Jaswant-Talbott dialogues. Clinton’s March 2000 visit was described as a ‘love fest’ by one senior diplomat and marked a watershed in relations, over thirty years since the last presidential visit.³¹ The fact that Clinton spent close to five days in India and only five hours in Pakistan was not lost on India’s elite.

ii. *President Bush*

By the beginning of Bush’s term, an additional structural factor had presented itself; China. Bush also came to office with a starkly different view of the value of institutions and international treaties, welcomed by India. Even more so were criticisms of Clinton’s amicable position towards Beijing, which neglected to clarify China as a ‘competitor’ rather a ‘strategic partner’.³² Whilst Clinton’s conception of India was

²⁹ Ibid. p. 4

³⁰ Daniel Twining, ‘America’s Grand Design in Asia’, *Washington Quarterly*, 31 May, 2007, http://www.twq.com/07summer/docs/07summer_twining.pdf, p. 82 (Accessed on 16/05/11)

³¹ Clinton had hoped to visit India earlier, in November 1998 according to Talbott but due to the nuclear tests was forced to postpone.

³² Talbott, *Engaging India*, p. 208

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shaped primarily by concerns with the nuclear order, Bush was occupied by the emerging power-balance and subsequently the 'war on terror' fought on India's periphery.

Throughout the Bush presidency the US grew increasingly wary of China's growth. In 2001 a RAND study concluded that, 'The US must begin to formulate a strategy aimed at a pivotal long-term objective: preventing the worsening of the security situation in Asia. Central to this objective is the need to preclude the rise of a regional and continental hegemon.'³³ Washington officials recognised that political liberalism was unlikely in China and that within years Beijing would become a competitor.³⁴

Rather than explicitly 'contain' China, however, US policy sought to strengthen its current allies in the region and seek new potential partners. This approach, it was hoped, would defend US interests in the region without overtly antagonising Beijing. As early as Bush's presidential campaign in 2000, the goal to 'work toward the day when the fellowship of free Pacific nations is as strong and united as our Atlantic partnership' was voiced. US partners were expected to fulfil their global security responsibilities as 'democratic security providers'. As the 2002 National Security Strategy stated, the goal was to 'develop a mix of regional and bilateral strategies to manage change in this dynamic region.'³⁵ The US began to explore the 'spokes' of the hub-and-spoke system of bilateral alliances with the Republic of Korea (ROK) and Australia, named Thailand

³³ Zalmay Khalilzad *et al.*, *The US and Asia: Toward a New US Strategy and Force Posture* (Santa Monica: Rand Corporation, 2001), p. 43

³⁴ Zissis, 'Crafting a US Policy on Asia'

³⁵ Daniel Twining, 'The New Great Game: Why the Bush administration has embraced India', *The Weekly Standard*, Vol. 12, Issue 15, 25 December, 2006, <http://www.weeklystandard.com/Content/Public/Articles/000/000/013/094gntoy.asp?pg=1> (Accessed on 02/09/09)

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and the Philippines as major non-NATO allies and signed a strategic cooperation agreement with Singapore.³⁶

Bush hence sought to build ‘strong democratic alliances’ in Asia that would leave China ‘unthreatened, but not unchecked.’³⁷ By 2005 the CIA reportedly labelled India as *the* important ‘swing’ state in international politics, shifting the paradigm within which India was viewed from a purely sub-continental to a regional or even global context. The Bush administration announced its objective to accelerate India’s rise by playing ‘midwife to the birth of a new great power’.³⁸ As one senior US official stated, ‘China is a central element in our effort to encourage India’s emergence as a world power...But we don’t need to talk about the containment of China. It will take care of itself as India rises.’³⁹

The Bush presidency was also dominated by the aftermath of 9/11. As Ganguly and Kapur noted, whilst the US was awoken to the dangers of Islamic terrorism in 2001, India had experienced such militancy in Kashmir since the 1980s.⁴⁰ The US was keen to capitalise on this experience and use India’s maturity as a rising power to fulfil American security concerns in the region.

³⁶ Twining, ‘America’s Grand Design in Asia’

³⁷ The US also hopes India will have some balancing influence against Russia in Central Asia

³⁸ Edward Luce, *In Spite of the Gods: The Strange Rise of Modern India* (London: Little and Brown, 2006), p. 281 quoted in Twining, ‘America’s Grand Design in Asia’, p. 82

³⁹ Senior US official interview quoted in *Ibid.* p. 83

⁴⁰ Sumit Ganguly and S. Paul Kapur, ‘The End of the Affair? Washington’s Cooling Passion for Delhi’, *Foreign Affairs*, 15 June 2009, <http://www.foreignaffairs.com/articles/65141/sumit-ganguly-and-s-paul-kapur/the-end-of-the-affair> (Accessed on 16/06/09)

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iii. *President Obama*

One of the most striking variations between the Bush and early months of the Obama administrations was their respective perceptions of India. Commentators predicted that a McCain presidency would have adopted the 'Armitage' approach of 'managing' the rise of China through working with current allies and new partners.⁴¹ During the presidential campaign Obama left little doubt that South Asia would be a foreign policy priority.⁴² Crucially, however, this did not concern India as much as the newly termed 'AfPak' (Afghanistan and Pakistan) and swift withdrawal of US troops from the theatre.⁴³ In India, concerns that previous developments would be stalled or even worse, reversed were acute. India also feared being left sole responsibility for the troublesome neighbouring region.

Whilst it was hoped Hillary Clinton would support US-India ties, it was soon made clear that US-China relations were the priority. Within days many concerns were realised through a number of perceived snubs on India.⁴⁴ India became deeply concerned that the US considered China to have a strategic role in South Asia (Washington claimed reference was intended for Afghanistan)⁴⁵ and that the US would

⁴¹ McCain also called for a 'concert of democracies' as a similar vision to Japan's 'arc of freedom' but this idea was widely critiqued during the campaign trail. John McCain and Joseph Liberman, 'Renewing America's Asia Policy', *Wall Street Journal Asia*, 27 May, 2008, <http://online.wsj.com/article/SB121183670827020887.html> (Accessed on 14/07/09)

⁴² Harsh V. Pant, 'Obama magic unlikely to work with India', *Japan Times*, 1 February, 2009, <http://search.japantimes.co.jp/cgi-bin/eo20090201a2.html> (Accessed on 01/02/09)

⁴³ Paul Kapur interview with Kamla Bhatt, 'Obama's South Asian Policy', *Kamla Show*, 17 June, 2009, <http://kamlashow.com/podcast/2009/06/17/prof-paul-kapur-obamas-south-asian-policy/> (Accessed on 14/07/09)

⁴⁴ Among the slights identified by observers in India was the omission of India from Obama's inaugural list of foreign policy partners and absence of an introductory phone call from Obama to Prime Minister Singh whilst both the President of Pakistan and China were included. The suggestion by Obama to send Bill Clinton as special envoy and mediator for Kashmir only disturbed India further.

⁴⁵ David Brewster, 'The US-India strategic partnership: a fair weather friendship?', *East Asia Forum*, 12 December 2009, <http://www.eastasiaforum.org/2009/12/12/the-us-india-strategic-partnership-a-fair-weather-friendship/> (Accessed on 12/12/09)

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choose relations with Beijing over Delhi. However, the greatest rebuff was Clinton's decision to skip India on her first tour of Asia.⁴⁶ This 'India passing' was reminiscent of a similar slight given to Japan by Clinton's husband who, as President in 1998, neglected to visit Japan as a part of a visit to Asia. Clinton eventually toured India six months after the inauguration.

High-level contacts became much less frequent. Whilst President Obama and Prime Minister Singh met on the sidelines of the G20 London Summit in April 2009 and Copenhagen Climate Change conference in December 2009, a summit was not held until November 2009.⁴⁷ The diplomatic discourse between Washington and Delhi was also downgraded. Mention of a 'strategic partnership', voiced by Bush was replaced by references to India as a 'provider of security', crucially omitting mention of any strategic element.⁴⁸ Obama's administration appeared to consider India as 'not just a regional but global power'⁴⁹ but deemed India's utility as emanating from a contribution to Afghanistan.⁵⁰

Relations in mid-2011 fell into deeper 'funk'. In March, Twining argued that the 21st century would not be a 'Chinese century, but an Indo-American one' but soon after

⁴⁶ According to some reports, Clinton initially planned to visit India on this tour but this was not followed through. Harsh V. Pant, 'India's newfound irrelevance to Washington', *Japan Times*, 20 March, 2009, <http://search.japantimes.co.jp/cgi-bin/eo20090320a1.html> (Accessed on 20/03/09) Former Secretary of State Rice had also urged Clinton to include India on the itinerary.

⁴⁷ Ambassador Rajiv Sikri, 'Foreign Policy Challenges Facing India's New Government', *Chatham House Lecture*, 1 July, 2009

⁴⁸ US Defense Secretary Robert Gates cited from a speech at the 2009 Shangri-La Dialogue in Singapore; 'In the coming years, we look to India to be a partner and net provider of security in the Indian Ocean and beyond', <http://www.iiss.org/whats-new/iiss-in-the-press/may-2009/us-looking-at-india-as-provider-of-security-in-indian-ocean/> (Accessed on 08/08/09)

⁴⁹ During her visit Clinton made continued efforts to affirm her view of India as an emerging power: '[I] consider India not just a regional but global power,' she told an Indian news channel on 18 July. Madhur Singh, 'Clinton's Trip to India: What's the Takeaway?' *Time Magazine*, 21 July, 2009 <http://www.time.com/time/world/article/0,8599,1911878,00.html> (Accessed on 22/07/09)

⁵⁰ For example during Gates' speech to 2009 Shangri-La dialogue he praised India's role in post-Taliban Afghanistan through development donations, <http://www.iiss.org/whats-new/iiss-in-the-press/may-2009/us-looking-at-india-as-provider-of-security-in-indian-ocean/> (Accessed on 08/08/09)

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cracks emerged. The first shock came when India abstained from the UNSC 1973 vote against Libya and supported Syria's candidature for the UN Human Rights Council. Washington had already grown uneasy with the delays enacting liability legislation which delayed implementation of the US-India nuclear deal and was frustrated with Delhi's position on climate change and Myanmar. The biggest rebuff came when, despite heavy lobbying from the US military-industrial complex, Delhi chose alternative suppliers for 126 medium multi-role combat aircraft (MMRCA).⁵¹ Such moves confirmed India's 'nonaligned' status and pleased left-leaning portions of India's political class. For many observers, however, India's actions threw the whole US-India 'strategic partnership' into question.⁵²

Others such as Latif consider the aircraft deal to have been 'overhyped'.⁵³ The decision was reportedly based on technical merits, though many question this rationale considering India's historically political procurement approach.⁵⁴ On a more practical level Latif also notes some of the similar problems which Chapter 4 will identify in Japan's policymaking apparatus. The US-India relationship has suffered from

⁵¹ India is however buying some C-17s from America, seen as some 'compensation.' Author's interview with Alagappa.

⁵² For many years, an important stream of US policy was to encourage India to 'buy American'. A leaked cable from 2006 showed how the US was most interested in military cooperation, particularly maritime infrastructure such as port-building for both security and commercial reasons. Sarah Hiddleston, 'How the "stars aligned" for closer trilateral relations', *The Hindu*, 23 April 2011, <http://www.thehindu.com/news/the-india-cables/article1718474.ece>. (Accessed on 25/04/11) This cable suggested that bilateral training exercises would 'serve as an excellent conduit for demonstrating the superiority of F-16 and F-18 fighters'. 'India plans to upgrade every major defense system it has over the next 15 years, and for the first time in nearly half a century is looking at the US as a defense supplier.' India-US naval cooperation is indeed not always well published according to Alagappa, but personnel links are strong and more joint military exercises are held between the two than with any other country.

⁵³ Author's interview with Amer Latif, *Visiting Fellow, US-India Policy Studies, Centre for Strategic and International Studies, Washington DC, formerly South Asia Director for Office of the Undersecretary of Defense for Policy*, 21 June 2011

⁵⁴ As Joshi argues, 'India's decision to buy weapons from the Soviet Union during the Cold War and its attempts to diversify its arm supplies after the Cold War were both motivated by politics and what suited India's national interests, and not particularly the requirements of its defence forces in that particular global context.' Yogesh Joshi, 'The Bandwagoning-Balancing Game: Contradictions of the India-US Partnership', *IDSAC Comment*, 5 August, 2011, http://www.idsa.in/idsacomments/TheBandwagoningBalancingGameContradictionsoftheIndiaUSPartnership_yjoshi_050811 (Accessed on 06/08/11)

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manpower issues given the minute size of India's MEA.⁵⁵ US understanding of India's bureaucracy is also low. Therefore the US is now working to make India more 'predictable' and stress 'cooperation' rather than 'interoperability'. The 'trust deficit' which also affects Japan's relations with India is also to be addressed.

After eighteen months of efforts to engage with Beijing, Washington is keen to capitalise on India's popularity as was evident during Obama's India visit in November 2010 (a busy period for India when all P5 members came to India). Obama emphasised the exceptionalism of US-India ties⁵⁶ calling them 'the most defining and indispensable relationship of the 21st century'. He also indicated for the first time his endorsement of India's bid for a permanent seat on an expanded UN Security Council.⁵⁷ In the 2010 National Security Strategy paper, India was mentioned a total of nine times, compared to only twice for Japan.⁵⁸

The overall refrain in Washington believes the Bush administration oversold the potential of US-India ties. Washington also increasingly realised the contradictions in relations as India attempts to leverage US influence for its own ends (band-wagoning) whilst simultaneously seeking autonomy (balancing). Gupta believes the 'US had too many unsigned goals' and for Bronson, 'needs to pull the romance out of it'. Each government is also distracted at home with foreign wars, debt crises and corruption

⁵⁵ For example, whilst there are estimates of over 30 working groups in operation, India is unable to appoint more diplomats with poverty-reduction a priority

⁵⁶ Daniel Twining, 'Not a Chinese Century, An Indo-American One', *Global Asia*, March 2011, http://www.globalasia.org/V6N1_Spring_2011/Daniel_Twining.html (Accessed on 01/04/11)

⁵⁷ Harsh V. Pant, 'India moving to pole position for Security Council challenge', *Japan Times*, 6 December 2010, <http://search.japantimes.co.jp/cgi-bin/ea20101206a1.html> (Accessed on 06/12/10) When India last competed for a permanent council seat, incidentally against Japan in 1996, the defeat with only a quarter of UN votes was a humiliation to India's 'great power' aspirations. In 2010 India was granted non-permanent member status after a concerted effort by External Affairs Minister Krishna.

⁵⁸ 'National Security Strategy', US *White House*, May 2010, http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf (Accessed on 02/04/11)

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scandals ‘eating the Indian government alive’.⁵⁹ In some ways therefore, US-India ties are echoing those this thesis will show Japan experienced. Delhi is now seeking greater autonomy and demonstrating the limitations of relations whilst economic ties continue to grow.

III. US Role in Japan’s India policy

Japan-India relations have long been constrained by external powers. During the early decades of the twentieth century, London strongly disapproved of Japanese sympathy for India’s independence. The US’ Cold War vision proved another substantial obstacle. Today, in a three-fold manner, the US plays a central role. Washington’s relatively recent revival of US-India ties has induced Japan to follow suit. Yet Tokyo has also detected a weakening in America’s presence in Asia so sought alternative partnerships, providing a second facet of US influence. The final means is through the indirect perception among India’s elite that Japan lacks autonomy, weakening the weight of Japanese initiatives.

i. Awakening Japan to India’s strategic benefit

The primary role which the US has played in Japan’s India policy has been to signal India’s strategic importance. Unsurprisingly, most Japanese bureaucrats are reticent about admitting external influences on their operations. The majority appreciate the importance of the alliance but stress Japan’s other bilateral relations are independent of Washington.⁶⁰ Indeed Japan and the US have not always seen eye-to-eye in foreign

⁵⁹ Author’s interview with Latif

⁶⁰ Author’s interview with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010

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policy. As Green notes, ‘the two nations’ preferences for world order are not now – and never have been – entirely congruent’.⁶¹ Economic objectives have differed and relations with Iran, Cuba and Vietnam and the unification of the Korean Peninsula are but a few examples. As one official commented to the author, Japan ‘doesn’t need to be told’.⁶²

However, even senior diplomats admit that the US has been ‘immensely important’ in Japan’s India policy, with one claiming the US ‘led the pack’.⁶³ Another states that whilst Japan was interested in India, it was only after the US took the ‘dramatic initiative’ could others follow.⁶⁴ Before America’s re-engagement, India was barely on the radar of Japan.⁶⁵

ii. *Japan-India relations as a US-led trilateral*

Once India had appeared on the strategic ‘radar’ of policymakers, the US played an important role in shaping policy through endorsement of US-led trilateral or quadrilateral groups. There has been an evolution from a ‘hub and spoke’ system of alliances to one where those in policy-circles talk of ‘networks’. The idea of forming a quasi-alliance between democratic states was first suggested following the 2004 Asian tsunami which saw the coordination of efforts between India, Japan, the US, Singapore and Australia among others. Unease over China’s reaching out to ASEAN and South Asian nations also encouraged efforts to balance regional influence by ‘pushing our

⁶¹ Richard Samuels quoted in ‘Japan-US Relations, 2008 and After: Policy Implications for Security, Economy and Politics After the 2008 US Presidential Election and Beyond’, *WOJUSS International Symposium Report*, 26 June 2008,
http://www.kikou.waseda.ac.jp/wojuss/achievement/sympo/report/2008symposium_090126.pdf

⁶² Author’s interview with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010

⁶³ Scholars also differ on the extent to which the US drives policy

⁶⁴ Author’s interview with senior official, Embassy of Japan, Delhi, 28 February 2011

⁶⁵ Author’s interview with senior official, *Climate Change Division, MOFA* 2 June 2010

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sphere of close friends past the Pacific Rim and through East Asia'.⁶⁶ By 2006, as one leaked diplomatic cable demonstrates, the US foresaw leveraging Japan's ties with India as a 'dazzling' opportunity. According to US Deputy Chief of Mission Geoffrey Pyatt, 'The stars have aligned in innumerable and historic ways'.⁶⁷ In 2006, the US was unprepared to 'immediately move India into the inner circle' but was cautious not to 'leave it behind'. By encouraging Japan, its closest ally to bring India in from the international cold, the US envisaged achievable long-term benefits.

By early 2007, Vice President Cheney proposed the idea that India, the US, Japan and Australia form a quadrilateral group of like-minded democratic states and leaders met on the margins of an ARF meeting.⁶⁸ There had previously been little policy coordination between the US and Japan on South Asia, especially compared to that conducted on ROK and China policy.⁶⁹ But during the Bush administration diplomats recall India appearing as a priority subject for discussions.⁷⁰

For a time Bush's Asia strategy was attractive to both Japanese and Indian elites. The formation of a loose consortium of states gave them the necessary autonomy to defend their actions domestically, the opportunity to extend their foothold in the region, whilst also receiving economic and military support from the US. Delhi and Tokyo were keen to use US hegemony to their advantage. All three furthermore shared several security

⁶⁶ Hiddleston, 'How the "stars aligned" for closer trilateral relations'

⁶⁷ Ibid.

⁶⁸ Emma Chanlett-Avery, 'Emerging Trends in the Security Architecture in Asia: Bilateral and Multilateral Ties Among the US, Japan, Australia and India', *CRS Report for Congress*, 7 January 2008, p. 3

⁶⁹ Author's interview with senior official, *Embassy of Japan, London, served in Delhi 1993-96, 2006-09* 20 April 2010

⁷⁰ Author's interview with senior official, *Embassy of Japan, London, served in Delhi 1993-96, 2006-09* 20 April 2010 and another senior official with experience in the Delhi Embassy, currently posted abroad *Embassy* via email, June 2010. This official also worked on including India into the East Asia Summit in the Regional Policy Division from 2004-06.

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and policy interests, such as energy interests in the stability of the Middle East, strong cultural and diplomatic ties with the Arab world, economic and technological ‘complementarity’ including space equipment⁷¹ and shared democratic principles.

The ‘Quad’ initiative (discussed further in Chapter 8) espoused by the US and strongly supported by Prime Minister Abe was, however, a short-lived idea. Not only did regional leaders, most notably Rudd in Australia, Fukuda in Japan (who assumed the premiership following Abe’s resignation) and Singh in India grow uneasy with China’s explicit objections, the concept also fell out of favour in the US. With the onset of the global economic downturn and reappraisal of China’s economic importance to US finances and election of Obama, trilateral musings were shelved. The US began a review of Asia policy placing greater emphasis on Sino-US relations and concluding military activity in Afghanistan. The US also grew wary of sidelining other Asian allies such as ROK, Thailand and the Philippines who might resent their exclusion.

The idea of coordination did not disappear but efforts between Japan, India and the US henceforward took a more subtle approach.⁷² An example was evident in July 2009 when the US and Japan supported India’s bid for \$2.9bn from the ADB.⁷³ China had lobbied hard to oppose the grant, highlighting the \$60m allocated to development

⁷¹ As threats from North Korea have grown, Japan has hastened development of its space capabilities, particularly in intelligence. In October 2005, representatives from Japan and India signed an agreement on ‘the Consideration of Potential Future Cooperation in the Field of Outer Space, including Satellite Remote Sensing, Satellite Communications and Space Science’ between the Indian Space Research Organisations (ISRO) and Japan Aerospace Exploration Agency (JAXA). Japan has long been the forerunner in space technology but other Asian powers have increased their expertise. China, Japan and India all have voiced interest in sending manned spacecraft in the next decade or so. Peter J Brown, ‘China Looks Beyond India-Japan Space Alliance to the US Connection,’ *The Asia-Pacific Journal*, Vol. 48-1-08, November 24, 2008, http://japanfocus.org/~peter_j_-brown/2959 (Accessed on 05/12/08)

⁷² ‘US-Japan-India Strategic Dialogue: February 27 –March 1, 2009’, *Japan Institute for International Affairs, Center for Strategic and International Studies and Confederation of Indian Industries*, http://www2.jiia.or.jp/pdf/report/090301e-us-j-india_strategic_dialogue.pdf (Accessed on 07/06/09)

⁷³ Pranab Dhal Samanta, ‘China says no but US, Japan help ADB clear India’s plan’, *Indian Express*, June 16, 2009, <http://www.indianexpress.com/news/china-says-no-but-us-japan-help-adb-clear-indias-plan/477252/> (Accessed on 18/06/09)

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projects in Arunachal Pradesh, a long-disputed border region. The US and Japan (with ROK) was able to apply their large voting shares in support for India at the evident expense of China.⁷⁴ An emerging informal trilateral dialogue is assessed as another example in Chapter 8.

How the US views Asia therefore affects the level of US influence over Japan's India policy. For example, when the global nuclear order or fears of China are of concern, India's strategic importance grows, which in turn leads the US to encourage greater Japan-India interaction. When US policy shifted focus towards the Afghanistan situation, Japan has become keener to create a more self-directed policy towards India, as the following section will demonstrate.

iii. *India - an alternative security partner*

The positive mood for coalitions faded by 2008 in the wake of the financial crisis and domestic unease with neo-conservative ideology. As the experiment of a 'Quad' demonstrated, India was keen to avoid a grouping with any semblance of an alliance. In addition, growing attention to 'emerging powers' highlighted the *relative* decline of US supremacy. Once again pointing to NCR's appreciation for structural conditions, as anticipation for a multi-polar global order in which states such as China and India vie for influence against the US, other states are adjusting their policies to suit. Japan is no different and though the realisation has been hesitant, senior MOFA officials recognise the shift.⁷⁵ The US Security Strategy of 2010 articulated therefore what America's allies

⁷⁴ Interestingly, Australia joined China in attempting to block the vote whilst later claiming it did not question the region's belonging to India.

⁷⁵ Author's interview with senior official, *Policy Planning and International Security Division*, 18 May 2010

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had already been considering; the US' continued hegemony can no longer be assured. Tokyo is not averse to working closely with the US as well since as one senior policymaker noted, the greater number of actors involved, the greater legitimacy of actions. However should strengthening ties with India provide Japan greater autonomy, this is welcomed. India is foreseen as an 'insurance policy' in security matters in the face of growing Chinese might and unease with America's ability to balance Beijing alone.

Some in the US itself would take issue with the assumption that they are coordinating Japan's India policy. As one Wikileaks diplomatic cable discussed above noted in 2006, Washington should 'pounce on this moment of opportunity to shape the direction diplomacy in this region takes in the coming decades.' India is 'a nation that is on its own actively seeking closer ties with Japan'. According to Cable 88132 therefore, rather than defining Japan's policy towards India, the US is keen to capitalise on the 'blossoming' progress.

In December 2009 Foreign Minister Maehara commented, 'There were only two countries who enjoyed watching what was currently happening to the US-Japan alliance – China and the DPRK.'⁷⁶ Indeed, India's relationship with Japan is separate from US-Japan relations. The US bases issue for example had little impact on Japan's policy towards India except to indirectly emphasise the importance of the alliance.⁷⁷ Of far greater significance is how US-India relations develop.

⁷⁶ 'US Warned Japan about Hatoyama's Foreign Policies: NYT,' *Japan Times*, 6 May, 2011, <http://search.japantimes.co.jp/print/nn20110506a6.html> (Accessed on 06/05/11)

⁷⁷ The dispute centred over plans to relocate the U.S marine base, Futenma from Ginowan in Okinawa to Henoko, also on the island and move a number of marines and their families to Guam. However, Hatoyama promised to move the base off the whole island. A leaked cable later revealed that Hatoyama and the DPJ never intended to relocate the Futenma base outside of Okinawa. According to documents,

iv. *Japan as America's 'puppy'*

The third means through which the US influences Japan's India policy is to compromise Tokyo's ability to appear autonomous. Both Japan and India agree on a wide range of policies. However, India is seeking strong independent partners and wary of engaging in balancing blocs or alliances led by the US. Washington has thus acted as a complicating factor to Japan's India policy.

Widespread opinion in India attributes Japanese attention in US efforts to re-engage. According to Gupta, Japan has 'literally trailed in the slip stream' of US interests and as Seth states, Tokyo simply 'follows the leader'.⁷⁸ Indian diplomats are wary of Japan's ability to pursue truly sovereign decisions, weakening Tokyo's diplomatic hand. In recent years this has been seen in Japan's opposition then quick acceptance of India joining the ARF and agreement to the nuclear deal in 2008 despite domestic opposition.⁷⁹ For India, a state which fiercely defends its strategic autonomy, this perceived limitation is significant.

the Japanese government agreed not to move the US Marine Corps Air Station should the alternative not suit the US and honour the 2006 agreement. Rajaram Panda, 'DPJ's Duplicity on Futenma Base Relocation in 2009', *IDS Comment*, 9 May, 2011, http://www.idsa.in/idsacomments/DPJsDuplicityonFutenmaBaseRelocationin2009_rpanda_090511 (Accessed on 10/05/11)

⁷⁸ Author's interview with Aftab Seth, *Former Ambassador to Japan 2000-04*, 21 June 2010

⁷⁹ Author's interview with Kulip Sahdev, *Ambassador to Japan, 1995-97, New Delhi*, 9 March 2011

IV. Conclusion

Widespread belief holds that Japan's strategy follows Washington's lead yet whilst the rapprochement was undoubtedly important in getting relations started;⁸⁰ subsequent policies have been more autonomous. This has been in part due to weaker support for trilateral initiatives from Washington as well as additional structural factors such as China and intervening domestic factors. Without Washington's efforts with India nonetheless, Japan would have faced considerable difficulty. As will be demonstrated in the case studies below, US influence has differed depending on the policy in question. The Japan-India partnership must be viewed through a wider web of alliances and relationships in the region which interact as structural factors with unit-level factors to dictate the nature of policy.

The 'China factor', yet to be addressed, cannot be omitted from analysis of Washington's influence on Japanese policy as well as how China independently impacts Tokyo's approach. Indeed China inhabits much of the land between India and Japan and has unnerved policymakers in both Delhi and Tokyo. The prevalence of this factor is discussed in greater length below.

B) The Role of China

The international order has experienced fundamental change in the past decade, in large part due to the economic growth of so-called 'emerging powers'.⁸¹ The most successful

⁸⁰ This point was made by several interviewees though the author found journalists the most cynical about the extent of US dependence in Japanese policymaking.

⁸¹ This term was coined in the 1980s by the World Bank economist Antoine van Agtmael

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of these has been China, which has become a dominant power in Asia⁸² after more than quadrupling the size of its economy between 2001 and 2010.⁸³ Whilst there have been several positive benefits to China's growth, conventional wisdom holds that China provides the major impetus behind Japan's interest in India. This thesis concurs with the assumption that China has played a significant role, particularly by encouraging Japan to seek additional security partners, diversify markets for its goods and work in line with US objectives. However, in consideration of this thesis' NCR framework, the existence of China is taken as only providing some reasoning behind Japan's India policy. Subsequent analysis will delve deeper into the additional unit-level factors which explain the shape of Tokyo's approach.

Washington acted as an important initiator but the other more dominant structural force providing the suitable environment has been the presence and behaviour of China. The problem for Japan, however, is that whilst towing the Washington line has long been Tokyo's policy preference, openly framing policy with a state in the context of a third has proven contentious.

During much of the 1990s, China was less of an issue for both India and Japan.⁸⁴ China's military arsenal was a fraction of its current form and Japan felt comfortable relying on Washington to ensure its security. Around the turn of the century, China's diplomatic activities were less conspicuous, in part due to the continued fall-out

⁸² Commentators often point to the fact that throughout history such a position has been the norm rather than an exception

⁸³ Frank Ching, 'Why China Needed Bin Laden', *The Diplomat*, May 26, 2011, <http://the-diplomat.com/2011/05/26/why-china-needed-bin-laden/> (Accessed on 26/05/11)

⁸⁴ Author's interview with Sahdev

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following the Tiananmen Square incident and steady but not yet monumental growth.⁸⁵ By midway through the first decade of the twenty-first century, however, China had become a vital element of strategy-formation.

The trajectory of Sino-Japanese relations cannot be fully accounted for within this thesis. However, what will be provided is an overview of Japan's relations from 1945 to the present, followed by an assessment of US-China relations since Japanese policy derives considerable influence from Washington.

Present day tensions cover many policy issues but among the most important for India policy are 1) rapid military modernisation, 2) naval capability and 3) territorial claims. In each of these areas the rise and significantly, the manner in which China's influence has been exercised has influenced Japan's policymaking process. An additional factor is how India views China. As will be evidenced, reticence to employ balancing rhetoric limits the acceptance of Japanese initiatives. To conclude, some initial ways in which China has stimulated Japanese policymaking towards India are identified before this factor is considered during subsequent chapters.

I. Sino-Japanese relations – an overview

For centuries, if not millennia, Japan has been influenced by the developments of its western neighbour. Recent tension has largely emanated from historical memory following two Sino-Japanese wars, but since relations were normalised in 1972, trust and respect between the two has been proved lacking among government and the public.

⁸⁵ Author's interview with Yukio Satoh, *Vice Chairman of the Japan Institute of International Affairs* 29 June 2010

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Relations have witnessed a ‘rollercoaster trajectory’ as exchanges have continued to be impeded by each side’s unwillingness to accept the other’s superiority.⁸⁶

As twentieth-century hostilities came to an end, the two former adversaries found themselves on opposing sides of the new world order. Much of the Chinese Communist Party’s legitimacy rested on anti-Japanese sentiment, which in addition to China’s alignment with the Soviet Union from 1950 onwards brought the two countries into direct ideological confrontation. Relations whilst not formalised, maintained some minimal economic interaction and in the early 1960s, when incidentally Sino-Indian relations faced a nadir over a border dispute, the JDA refused to admit China represented a threat. Under Sato Eisaku (1964-1972), however, relations suffered due to a perceived pro-Taiwan thus ‘anti-China’ stance following China’s nuclear test in 1964 and participation in the Vietnam War. The onset of the Cultural Revolution from 1966 further damaged ties as China placed severe restrictions on trade and increased levels of anti-Japanese rhetoric.⁸⁷

China began its rapprochement with the outside world in 1971 with the secret trips of Secretary of State Kissinger in preparation for President Nixon’s visit in February 1972.⁸⁸ Despite some unease in Tokyo, Japan established its own diplomatic ties in September 1972. The success of this warming of relations was not only due to Japan’s willingness to follow Washington’s lead, however, but a congruent acceptance according to Yahuda, that the US-Japan alliance was a useful means to restrain Soviet

⁸⁶ Yoichi Funabashi, ‘The Future of the Sino-Japanese Relationship’, Seminar at *The Daiwa Anglo-Japanese Foundation, London*, June 1, 2011

⁸⁷ Rose, *Interpreting History in Sino-Japanese Relations*, p. 47

⁸⁸ Michael Yahuda, *The International Politics of the Asia-Pacific, 1945-1995*, (London; Routledge, 1996), p. 80

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influence in the region.⁸⁹ A positive approach to China from the Tanaka Kakuei administration followed. Tanaka maintained some trade relations with Taiwan whilst supporting Beijing's 'One-China' policy⁹⁰ and decided to shelve disputes over the Senkaku/Diaoyu islands.⁹¹ By 1978 both states were able to sign a Peace and Friendship Treaty.

This treaty coincided with China's economic modernization which encouraged Japanese firms to enter the Chinese market. Some teething problems tempered the initial enthusiasm felt by the *zaikai*⁹² but by the end of the 1980s interest resumed as the Japanese yen rose and attractiveness of China's market grew. When China opened its coastal provinces to trade, Japan was one of the chief beneficiaries resulting in total trade surpassing \$19bn in 1988, up from \$5bn ten years earlier.⁹³

Bilateral trade jumped several folds within the first few years of normalisation, with Japan emerging as China's largest trading partner.⁹⁴ Indeed much of the success of China's economy in recent decades can be attributed to the considerable sums of investment provided by the Japanese government and private corporations. Japanese ODA to China began in December 1979⁹⁵ and by 1987 stood as China's largest contributor, a trend which continued into the next decade.

⁸⁹ Subsequently whilst China officially labels the US-Japan alliance a relic of the Cold War, its utility as a balancer in the region and restraint on Japanese militarism is welcomed. Ibid. p. 84

⁹⁰ Qingxin Ken Wang, 'Taiwan in Japan's Relations with China and the US after the Cold War', *Pacific Affairs*, Vol. 73, No. 3 (Autumn, 2000), p. 355

⁹¹ Yahuda, *The International Politics of the Asia-Pacific, 1945-1995*, p.84

⁹² 'Business community', given full explanation in the subsequent chapter.

⁹³ Robert Taylor, *Greater China and Japan: Prospect for an Economic Partnership in East Asia*, London & New York: Routledge, 1996), p. 124

⁹⁴ This position was taken over from the Soviet Union. 'Japan's role in China's economic reforms', *Xinhua*, 20 October, 2008, http://news.xinhuanet.com/english/2008-10/20/content_10224098.htm (Accessed on 04/04/11)

⁹⁵ For more details on Japan's ODA to China see Masayuki Masuda, 'Japan's Changing ODA Policy Towards China', *China Perspectives*, 47 (May-June 2003) and Ministry of Foreign Affairs, Japan http://www.mofa.go.jp/policy/oda/region/e_asia/

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The 1980s were perhaps the strongest period of relations, facilitated not only by hospitable structural conditions which saw the gradual end of the Cold War bipolar order but also a succession of leaders keen to support strong ties. In May 1982 Chinese Premier Zhao Ziyang marked the 10th anniversary of normalization with a visit, reciprocated later the same year by Prime Minister Suzuki. Several other visits followed.⁹⁶

The sudden collapse of the Soviet Union greatly benefited China, opening strategic space and allowing for greater economic opportunities. The period also witnessed the emergence of a generation of elites without wartime memories. Japan soon became China's largest trading partner as China's economic profile developed, assisted by Japanese efforts to integrate its former adversary into the international community.⁹⁷ Japan assisted securing China's status as a 'developing country' in the OECD⁹⁸ and membership to the WB, WTO and APEC.⁹⁹ According to Whiting, Japan also played an important role persuading other G7 countries not to continue with economic sanctions following the Tiananmen incident in 1989 and was the first to remove sanctions.¹⁰⁰

Japan's decision not to castigate China resulted in little diplomatic fall-out between the two states (particularly noteworthy considering the distance created after India's nuclear

⁹⁶ For a list of VIP visits, see 'Japan-China Relations', Ministry of Foreign Affairs, Japan
<http://www.mofa.go.jp/region/asia-paci/china/index.html>

⁹⁷ Murata contends that China's rise is in fact a foreign policy success of the US and Japan, which has brought millions out of poverty. Author's interview with Murata

⁹⁸ This status China continues to employ when beneficial to their interests despite considerable advances in China's economic profile

⁹⁹ Yong Deng, 'Chinese Relations with Japan: Implications for Asia-Pacific Regionalism', *Pacific Affairs*, 70, 3 (1997), p.375

¹⁰⁰ Chellaney also points to the significance of industrial states discontinuing sanctions for China's subsequent development. Japan was also wary of chastising China considering Japan's own record on human rights during the war. Whiting, 'China and Japan: Politics versus Economics'

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tests in 1998). With relations in a reasonable state, Emperor Akihito visited China in 1992 embarking on some fairly successful 'emperor diplomacy'.¹⁰¹ Japanese elites provided China with apologies for wartime behaviour, including a statement of 'deep remorse'.¹⁰² ODA to China also increased even as Japan adjusted the terms of its overall ODA policy.¹⁰³

China was, however, unsatisfied with the levels of remorse offered by Japan and incessantly demanded greater efforts in line with those received by ROK. This issue surfaced particularly during the Obuchi administration (1998-2000) when China placed considerable pressure on Tokyo during the state-visit of Jiang Zemin in 1998. Two years earlier in 1996, the Taiwan Strait crisis had alerted Japan to the potential belligerency of China and their reliance on US defence forces,¹⁰⁴ which with the perceived gradual expansion of Japan's military capabilities encouraged further mistrust.

The administration of Koizumi Junichiro (2001-2006) heralded one of the frostiest periods in bilateral relations. Koizumi's incessant visits to the Yasukuni shrine, considered a monument to Japanese militarism, stirred anti-Japanese riots in Chinese cities, most notably Shanghai. The perception grew that Japan had not fully atoned for its wartime behaviour and when Japan's Defense Agency (later a Ministry following

¹⁰¹ Glenn D. Hook , Hugo Dobson, Julie Gilson, Christopher W. Hughes eds. *Japan's International Relations: Politics, economics and security*, (London: Routledge, 2001) p. 170

¹⁰² Between 1972 and 2005 Japanese emperors and prime ministers issued seventeen apologies to China.

¹⁰³ For details of Kaifu's ODA reforms, announced in 1991 and enacted in the 1992 ODA Charter, see 'The ODA Charter clarifies the philosophies of Japan's ODA, 1992-2002', *MOFA*, <http://www.mofa.go.jp/policy/oda/cooperation/anniv50/pamphlet/progress3.html>

¹⁰⁴ The Taiwan Strait Crisis 1995-1996, often also referred to as the 'Third Taiwan Strait Crisis' surrounded a series of missile tests by China around Taiwan to send the strong message of intent to Taiwan and the US who appeared to be moving away from the traditionally held 'One-China policy'. Tensions erupted when President Lee of Taiwan attempted to visit the US to speak on Taiwan's democratisation progress, angering the mainland and resulting in the US being forced to clarify further their commitments to Taiwan.

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2007 reforms) identified China as a potential security concern in their 2005 National Defense Program Guidelines (NDPG) apprehensions continued. Chinese elites also noted with concern Koizumi's decision to surround himself with 'hard-line, anti-Chinese, pro-Taiwanese politicians'.¹⁰⁵ Within this atmosphere there were riots surrounding China's defeat to Japan in the 2004 Asian Cup Football Final and continued blocking to Japan's bid for a permanent UN Security Council seat. As relations reached a new low, Tokyo was encouraged to look outward for potential security partners.

China-Japan relations recovered slightly during the premierships of Abe Shinzo and Fukuda Yasuo, particularly the latter who prioritised mending fences with Beijing.¹⁰⁶ Chinese President Hu Jintao's visit in May 2008 was largely seen as a success,¹⁰⁷ reciprocated by Aso Taro visiting to mark the 30th anniversary of the Treaty of Peace and Friendship. Yet tensions never completely disappeared, for example during Aso's premiership when he portrayed China as a nuclear threat, this was interpreted in the Chinese media as an excuse for Japanese militarisation.¹⁰⁸

Despite some unease in Beijing with the arrival of a new DPJ administration, improved relations with China and Asia as a whole were promised in addition to distancing Japan from the US alliance. Promises were made not to visit Yasukuni. Nevertheless, barely a year into a 'honeymoon' period characterised by tensions between Washington and

¹⁰⁵ Chalmers Johnson, 'The real "China threat"', *Asia Times*, March 19, 2005, <http://www.atimes.com/atimes/China/GC19Ad05.html> (Accessed on 22/05/11)

¹⁰⁶ Prime Minister Fukuda's father, Fukuda Takeo was instrumental in concluding a Treaty of Peace and Friendship with China.

¹⁰⁷ As well as being considered quite a domestic political risk on his part. Funabashi, 'The Future of the Sino-Japanese Relationship'

¹⁰⁸ 'Beijing hits Aso for threat rhetoric,' *The Japan Times*, May 8, 2009, <http://search.japantimes.co.jp/cgi-bin/nn20090508a5.html> (Accessed on 08/05/09)

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Tokyo over military bases in Futenma, an incident involving a trawler ship in disputed waters brought relations to a new low. This episode is discussed in greater detail below.

II. Sino-US Relations

Sino-US ties have also progressed significantly from the dark early years of the Cold War. Yet even after the Nixon visit in 1972 and an increase in dialogue between the two states, suspicion remains.

The collision between a Chinese fighter and US EP-3 reconnaissance aircraft which resulted in the death of the Chinese pilot on April 1 2001 brought Sino-US relations to a new low. Soon after, Bush offered Taiwan a multi-billion-dollar arms deal. But events on September 11th resulted in a dramatic turnaround in the relationship's fortunes. Following the terrorist attacks, China's President was among the first to express his condolences. As Washington became embroiled in the affairs of the Middle East and Afghanistan, relations with China moved away from diplomatic antagonism and focused on positive efforts such as economic development.¹⁰⁹

Barack Obama, elected in 2009, was initially expected to place relations with China as his highest priority in Asia, amid rumours of a 'G2' world order. Figures such as Jeff Bader, Senior Director for Asian Affairs in the National Security Council encouraged Obama to build such ties with China and Secretary Clinton's February 2009 visit to China was widely considered a success. Sino-American relations however experienced a difficult year. China reacted strongly to arms sales to Taiwan, protectionist moves on

¹⁰⁹ Ching goes so far as to suggest that without the attacks of 9/11 and Bin Laden, China would not be where it is today. Ibid.

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Chinese car tyres and policy towards the Dalai Lama. As *The Economist* noted in 2011; 'Whereas a single incident sparked the spy-plane crisis [2001], today's tensions are the culmination of lots of different things.'¹¹⁰

Economic links between China and the US remain substantial, with commentators often describing the two as 'interdependent'. As of April 2011, China held \$1152.2bn of US public debt. In addition to China's military might, the US is also now concerned by China's economic arsenal. In 2010 US Defense Secretary Gates had expected to visit China before the annual Shangri-La Dialogue but such an offer was not received.¹¹¹ Later when Gates visited Beijing in early 2011, China chose the moment to test a new jet.¹¹² When China's top military commander, General Chen met with Admiral Mullen in May 2011, the first in seven years, the mood was frosty. Despite assurances that China did not want to 'match' US military power,¹¹³ joint exercises with other nations and arms sales to Taiwan were again raised as areas of discontent.

After the US acknowledged a less aggressive stance by China in the region,¹¹⁴ other states began to protest against their China's behaviour. States previously favourably disposed to China following a campaign of 'smile diplomacy' began to turn back to the US for support. For example whilst ROK has stood with China when demanding apologies from Japan, the aftermath of the *Cheonan* incident and disputes over the Goguryeo region brought ROK closer to Tokyo and Washington than Beijing.

¹¹⁰ 'Chinese foreign policy: Discord', *The Economist*, 13 January, 2011, <http://www.economist.com/node/17902953> (Accessed on 13/01/11)

¹¹¹ This spurred speculation that China was protesting the continued arms sales to Taiwan or simply asserting greater muscle over the waters. 'Asian security co-operation: Lost horizon', *The Economist*, 10 June, 2010, <http://www.economist.com/node/16321702> (Accessed on 10/06/10)

¹¹² 'Chinese foreign policy: Discord'

¹¹³ 'China "will not match" US military power – general', *BBC News*, 19 May, 2011, <http://www.bbc.co.uk/news/world-asia-pacific-13450316>, (Accessed on 19/05/11)

¹¹⁴ 'US says China's navy has been less aggressive in 2011', *BBC News*, 13 April, 2011, <http://www.bbc.co.uk/news/world-asia-pacific-13059006> (Accessed on 13/04/11)

III. Increased Chinese assertiveness

The cause of China's greater confidence has been attributed to various sources. Initially China's strong economic profile during the financial crisis placed the CCP's economic model in a favourable light.¹¹⁵ For some Chinese officials the downturn marked the demise of Anglo-American-style capitalism. Other reasons include unease over a pending leadership transition in 2012 which will replace the fourth generation rule of Wen and Hu and increased insecurity following the 'Arab Spring' and fears of a possible 'Jasmine Revolution'. In reality, all reasons have played a role in the latest era of Chinese power projection. As identified in the opening of this chapter, this has contributed to how Japan views China and subsequent moves towards India. In the following section, military modernisation, territorial claims and maritime confidence are assessed as reasons for Japan's interest in India.

i. China's military modernisation

Among the most pressing aspects of China's rise for Japanese policymakers, has been the speed and scale of Beijing's military modernisation (see Figure 3). The expansion of China's economy has brought several benefits to Japan but the parallel growth in capabilities and size of the armed forces has sent shudders through Japan's elite. China's allocation of funds has consistently increased by double digits, slowing only

¹¹⁵ Similarly China fared relatively well from the 1997 Asian economic crisis as Beijing took a regional leadership role by ensuring the stability of the RMB.

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slightly in 2010 to 7.5%.¹¹⁶ This move was interpreted as both an effort to quell international fears of Chinese aggressiveness and signal domestically that government funds were being channelled to social needs.¹¹⁷ The following year, however, China resumed its large-scale modernisation programme with an increase of 12.7%. Spending now exceeds that of all the EU members combined.¹¹⁸ According to some estimates, China's defence spending has increased from \$17bn in 1990 to \$114bn in 2010, representing 2.2% of GDP.¹¹⁹ China is acquiring anti-ship ballistic missiles (ASBMs), submarines and surface ships whilst improving education and the structure of the armed forces.¹²⁰ China is also believed to be soon able to deploy the world's first 'carrier-killer' ballistic missile.¹²¹

¹¹⁶ Kathrin Hille and Mure Dickie, 'China's military budget rise alarms Tokyo', *Financial Times*, 4 March 2011, <http://www.ft.com/cms/s/0/6525224c-462f-11e0-aebf-00144feab49a.html#axzz1KL7QBPWH> (Accessed on 04/04/11)

¹¹⁷ Harsh V. Pant, 'China's Naval Expansion in the Indian Ocean and India-China Rivalry,' *The Asia-Pacific Journal*, 18-4-10, 3 May, 2010

¹¹⁸ Brahma Chellaney, 'Security and Strategic Challenges in Asia – Prospects of Japan-India Cooperation', *Proceedings from Observer Research Foundation, Chennai India Symposium*, August 2008. According to SIPRI whilst in 2000, China spent £31bn, this more than tripled to \$99bn in 2009. 'SIPRI Yearbook 2010 – Military Expenditure',

http://www.sipri.org/media/pressreleases/2010/pressreleasetranslations/storypackage_milex, p. 10

¹¹⁹ In the US, the proportion is 4.7%. Belinda Helmke, 'China's Military Spending', *The Diplomat*, June 8, 2011, <http://the-diplomat.com/new-leaders-forum/2011/06/08/chinas-military-spending/> (Accessed on 08/06/11)

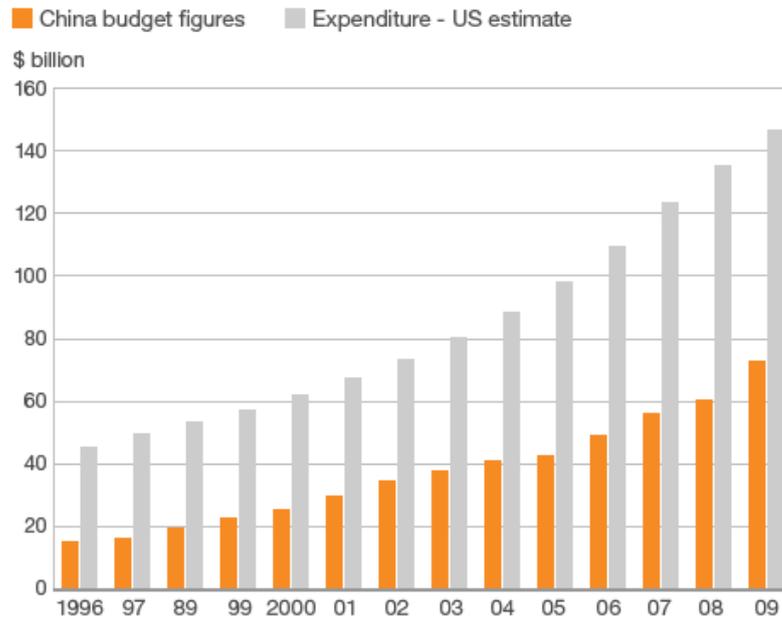
¹²⁰ Ronald O'Rourke, 'China Naval Modernization: Implications for US Navy Capabilities—Background and Issues for Congress', *Congressional Research Service*, 22 April, 2011, p. 7

¹²¹ 'China's first aircraft carrier "starts sea trials"', *BBC News*, 10 August, 2011, <http://www.bbc.co.uk/news/world-asia-pacific-14470882> (Accessed on 10/08/11)

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Figure 3 ¹²²

China's defence spending 1996 - 2009



Source: Pentagon report on China's military 2010

Accompanying this is the belief that official statistics lack transparency and often downgrade the full cost of modernisation by omitting among others, the cost of research and development. In the US there exists a widespread conviction that 'China's official defence budget greatly under-represents actual military expenditure by a factor of two to three'.¹²³ Following China's most recent report in 2009 a Pentagon study for Congress accused China of developing 'disruptive' technologies which would allow China to 'project power to ensure access to resources or enforce claims to disputed territories.'¹²⁴

¹²² Sourced from 'China says it will boost its defence spending in 2011', *BBC News*, 4 March, 2011, <http://www.bbc.co.uk/news/business-12631357> (Accessed on 08/06/11)

¹²³ Richard A. Bitzinger, 'A Paper Tiger No More?: The US Debate over China's Military Modernization' in Satu Limaye (ed.) *Special Assessment: Asia's China Debate*, (Honolulu:Asia-Pacific Center for Security Studies, 2003) p. 1

¹²⁴ 'China fury at US military report', *BBC News*, 26 March, 2009, <http://news.bbc.co.uk/1/hi/world/asia-pacific/7965084.stm> (Accessed on 26/04/09)

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China responded to calls for transparency in 1998 by issuing its first Defence White Paper but the biannual reports have done little to placate fears.¹²⁵ In China's 2008 release, the Navy was singled out for the first time as a priority. Suspicions had grown in earlier years, particularly around the building of aircraft carriers and by June 2011 China's 'worst-kept secret', was formally announced as under construction.¹²⁶ In August the carrier began sea-trials.¹²⁷ Analysts question why China needs such a carrier if its intentions are merely peaceful but according to Chinese officials, this capability is necessary for 'safeguarding territory, development of national economy and overseas interests.' Beijing previously purchased carriers from the Soviet Union and Australia and according to Kotani, has been training pilots at the Guangzhou Naval Academy since 1987.¹²⁸ By holding such a carrier China is sending the signal of a navy able to project power over long distances. Power projections are often of greater significance than actual capacity.

The nature of China's modernisation thus causes alarm, particularly investments into cyber warfare, sea-skimming missiles, long-range rockets and near-silent diesel submarines. China is shifting from reliance on Russian technologies to indigenous defence capability. The added perception that China's military and foreign ministry are divided, feeds unease among outside states. China's Foreign Ministry is often noted as

¹²⁵ 'China's ambitious defence plan', *The Japan Times*, 28 January, 2009, <http://search.japantimes.co.jp/cgi-bin/ed20090128a1.html> (Accessed on 28/01/09)

¹²⁶ 'China aircraft carrier confirmed by general', *BBC News*, 8 June, 2011, <http://www.bbc.co.uk/news/world-asia-pacific-13692558> (Accessed on 08/06/11)

¹²⁷ Following the dissolution of the Soviet Union, China bought the *Varyag* from Ukraine claiming to intend to convert the vessel into a floating casino. According to reports, the carrier was expected to be named *Shi Lang* after the Qing dynasty admiral who conquered present day Taiwan in 1681. 'Chinese Navy urged to go from coastal waters to the oceans,' *Xinhua*, 3 March 2009, available at http://news.xinhuanet.com/english/2009-03/07/content_10963412.htm (Accessed on 05/03/09); 'China's first aircraft carrier "starts sea trials"

¹²⁸ Tetsuo Kotani, 'Let China launch its flattop' *The Japan Times*, 9 May, 2009, <http://search.japantimes.co.jp/cgi-bin/ed20090509a1.html> (Accessed on 09/05/09)

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having decreasing influence,¹²⁹ evidenced by the fact that he does not sit in the Politburo or Standing Committee where the CCP's power is said to originate.¹³⁰

Southeast Asian nations and Australia have also increased their military spending¹³¹ since as early as 2040 some fear China taking over from the US as the dominant power in the region.¹³² As Abe noted in an interview with the author, the increases in China's military – approximately twenty times over twenty years has made the China relationship Japan's biggest challenge.¹³³

China has responded to criticisms by pointing to 'Cold War thinking' in Washington, which overlooks the defensive purpose of spending and that compared to the US, China's military budget is small (see Figure 4 below).¹³⁴ Indeed China's figure is said to be an eighth of the Pentagon's and focused on modernising antiquated materials and improving pay and conditions for the estimated 2.25m active soldiers.¹³⁵ However, the issue has turned out not only to be a crystal-ball exercise. China has already begun to assert its presence with greater force, in a manner which has unsettled its neighbours.

¹²⁹ Funabashi, 'The Future of the Sino-Japanese Relationship'

¹³⁰ 'Rocky relations between China and Japan', *The Economist*, 4 November, 2010, <http://www.economist.com/node/17416850>

¹³¹ According to a report released in March 2010 by SIPRI, Indonesia, Singapore and Malaysia have expanded budgets by 84%, 146% and 722% respectively, between 2005 and 2009, compared with the previous five years. Karishma Vaswani, 'Arms drive' in South East Asia', *BBC News*, 15 March, 2010, <http://news.bbc.co.uk/1/hi/world/asia-pacific/8567750.stm> Vietnam ordered six Kilo-class submarines from Russia and in 2009 Australia released a White Paper, openly suggesting doubling its submarine fleet due to concerns with China. Graeme Dobell, 'White Paper: China nightmare, Indonesian dream', *Lowy Interpreter*, May 4, 2009, <http://www.lowyinterpreter.org/post/2009/05/04/Defence-White-Paper-China-nightmare-Indonesian-dream.aspx>

¹³² Author's interview with Shamshad A. Khan, Researcher, IDSA, 7 March 2011

¹³³ Author's interview with Abe Shinzo, *Former Prime Minister of Japan 2006-07*, 2 June 2010 (via interpreter)

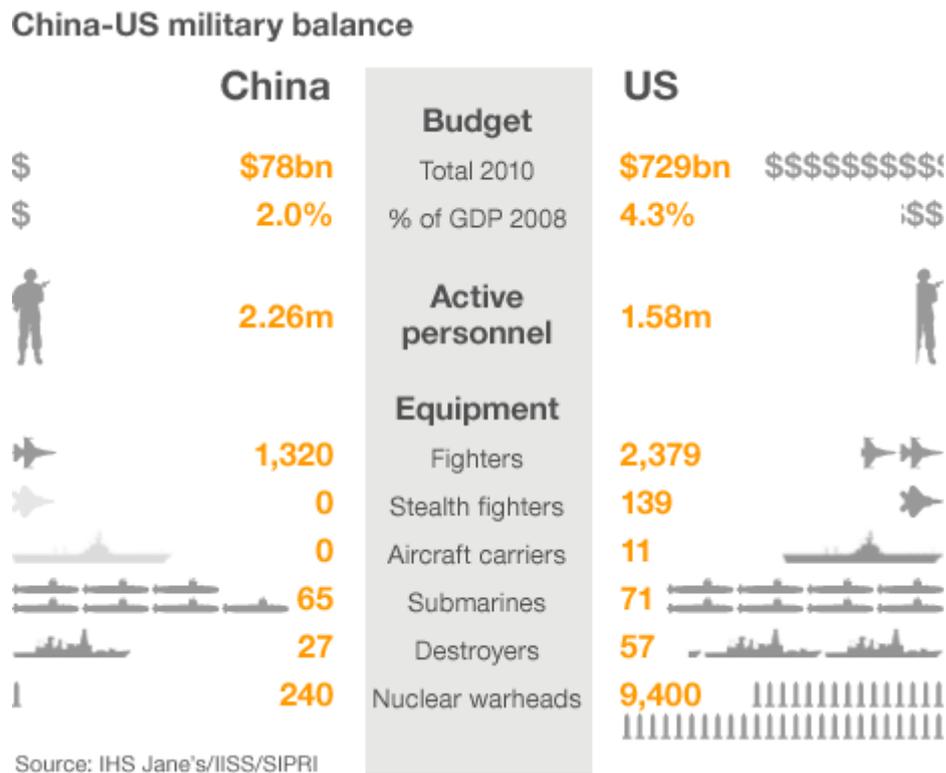
¹³⁴ 'China fury at US military report'

¹³⁵ According to a 2010 report by SIPRI, the US contributes 43% of global military expenditure, whilst China holds the second position with 6.6% of spending. 'SIPRI Yearbook 2010 – Military Expenditure', http://www.sipri.org/media/pressreleases/2010/pressreleasetranslations/storypackage_milex, p. 8

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Concerns by policymakers are not just therefore perceptual fears but structural adjustments to shifting balance of power.

Figure 4¹³⁶



ii. *Maritime confidence*

For Kang, among other observers, China's rise based on historical trends will provide stability for the region.¹³⁷ However, several of China's neighbours have reason to suspect otherwise based on recent behaviour. Whilst conflict between major powers remains unlikely, the arena in which China's rise has become most apparent is the maritime, particularly in the South and East China Seas. Regarding Japan and India's

¹³⁶ Sourced from 'Viewpoint: A new Sino-US high-tech arms race?' *BBC News*, 11 January 2011, <http://www.bbc.co.uk/news/world-asia-pacific-12154991> (Accessed on 11/01/11)

¹³⁷ David C. Kang, 'Why China's Rise Will Be Peaceful: Hierarchy and Stability in the East Asian Region', *Perspectives on Politics*, 3, (2005), pp. 551-554

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concerns, the chances of China launching an amphibious attack on either state remains extremely unlikely (despite the fact that such an effort was made in the border regions of India in 1962). In today's global climate, the threat felt by both governments instead relates to maritime disputes, particularly claims to areas of the South China Sea.¹³⁸

IV. Significance of the seas

The significance of the seas for Asia cannot be understated. Post-war economic growth has been largely facilitated by sea-borne exports from states such as Japan, ROK, Hong Kong and Singapore and as both China and India grow, so too does their naval presence.¹³⁹ China is particularly keen to expand into the maritime domain as a nation with 18 000km of coastline, 6 500 islands and a long tradition of sea-faring.¹⁴⁰ The South China Sea has been considered of particular strategic import should suspected oil and gas reserves be discovered. Some estimates predict as much as 30bn barrels of oil and over 200 trillion cubic feet of natural gas.¹⁴¹ One observer has described the area as the 'next Persian Gulf'.¹⁴²

During the Cold War Japan witnessed with concern, incidents of Chinese force in the Paracel Islands, Vietnam, Spratly Islands and Taiwan Strait but in the last decade or so

¹³⁸ Author's interview with Akihiko Tanaka, *Professor of International Politics and Executive Vice President, University of Tokyo* 24 June 2010

¹³⁹ 'New Silk Roads' *The Economist*, 8 April, 2010, <http://www.economist.com/node/15872888> (Accessed on 08/04/10)

¹⁴⁰ Funabashi, 'The Future of the Sino-Japanese Relationship'

¹⁴¹ Michael Auslin, 'Billiards in the South China Sea', *Wall Street Journal*, 30 June, 2011, <http://online.wsj.com/article/SB10001424052702304450604576417500592116010.html?KEYWORDS=auslin> (Accessed on 30/06/11)

¹⁴² 'China delays gas talks over collision', *The Japan Times*, 12 September, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100912a1.html> (Accessed on 12/09/10)

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has seen an acceleration of perceived belligerence.¹⁴³ In particular China's Navy has shown through words and deeds, an intention to assert its presence and reshape the balance of power. Intrusions into Japanese territorial waters for 'military data' has unnerved Tokyo,¹⁴⁴ as has the declaration in July 2010 that the South China Sea stood as a 'core' interest of China, akin to Taiwan and Tibet.¹⁴⁵ China's Navy has also announced plans to build a full-scale 'blue-water navy'.

Direct antagonism became apparent in late 2010 when Japan and China experienced one of their coolest diplomatic periods. The confrontation erupted on September 7, 2010 when a Chinese fishing boat collided with two Japanese coastguard patrol boats near the disputed Senkaku/Diaoyu islands.¹⁴⁶ Japan responded by seizing the crew for alleged unlawful fishing and arrested the captain. Beijing called on Tokyo to issue a formal apology and provide compensation.¹⁴⁷ Japan refused, releasing the captain after two weeks, igniting anti-Japanese protests across several Chinese cities. Even though the

¹⁴³ 'China's assertiveness at sea: Choppy waters', *The Economist*, 21 January 2010, <http://www.economist.com/node/15331153> (Accessed on 21/01/10) In 2009 China seized 33 Vietnamese fishing boats and 433 crew

¹⁴⁴ A Japanese Defence White Paper from September 2010 claimed that six Chinese vessels had passed through Japanese waters on their way into the Pacific Ocean in March and in April ten ships followed the same route before conducting exercises near Okinawa. 'China and Japan: Getting their goat', *The Economist*, 17 September, 2010, http://www.economist.com/node/17049121?story_id=17049121 (Accessed on 17/09/10)

¹⁴⁵ Daniel Ten Kate and Nicole Gaouette, 'Clinton Signals US Role in China Territorial Disputes After ASEAN Talks', *Bloomberg*, 23 July, 2011, <http://www.bloomberg.com/news/2010-07-23/u-s-says-settling-south-china-sea-disputes-leading-diplomatic-priority-.html> (Accessed on 27/07/11)

¹⁴⁶ 'Rocky relations between China and Japan.' The disputed islands, known in the nineteenth century by the English name, the Pinnacle Islands constitutes five uninhabited islets and three barren rocks approximately 120 nautical miles south-west of Okinawa (Drifte, 2008, p. 3). The islands came under the control of Japan in 1895 but have also been claimed by China and Taiwan. China claims that Japan had agreed to return the islands following WWII and that historically they belonged to China. Japan in contrast sees the area as part of national territory which prior to their 1895 acquisition, were unclaimed. The Japanese also contend that China has only become interested in the islands once energy resources were discovered in the vicinity. Arguments have gone back and forth with little progress up to the modern era but in 1992 Beijing passed a law which made explicit claim to the Pinnacle Islands, sparking anger in Tokyo and reigniting the issue between governments. For more information on this dispute, see Reinhard Drifte, *Japanese-Chinese territorial disputes in the East China Sea – between military confrontation and economic cooperation*. Working paper, Asia Research Centre, (London: London School of Economics and Political Science, 2008), http://eprints.lse.ac.uk/20881/1/Japanese-Chinese_territorial_disputes_in_the_East_China_Sea_%28LSERO%29.pdf (Accessed on 04/07/11)

¹⁴⁷ Japan's weak domestic government was also considered a factor in China's assertive stance.

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Chinese Ministry of Commerce denied the allegation, media and elite opinion both within and outside Japan associated China's retention of rare earths exports as a '*de facto*' trade embargo implemented against Japan (see Chapter 8). China also postponed talks over joint gas field development in the East China Sea.¹⁴⁸

Prior to this episode the South China Sea had become an area of strategic posturing, or at least perceived posturing, due to the interplay between structure and intervening forces when in 2009 the US accused China of harassing the *USNS Impeccable*.¹⁴⁹ The following year the Philippines and Vietnam also felt disquiet as Chinese ships sailed provocatively close to or through disputed regions of the Sea.¹⁵⁰ In August 2010 the US sent the *USS George Washington* to the coast of Vietnam as a sign of reconciliation between the two former adversaries but Beijing interpreted the visit as a 'provocation' in keeping with other snubs such as the continuation of double-standards in nuclear policy by extending talks with Vietnam over technology cooperation.¹⁵¹

At the ARF in July 2010 China felt the effects of its increased assertiveness when Clinton declared the South China Sea a US 'national interest' and several participating states voiced concern over China's conduct. The US also strengthened relations with ROK when the *USS George Washington* took part in joint exercises following the

¹⁴⁸ 'China delays gas talks over collision.' Disagreement over gas exploration rights had been seemingly alleviated in 2008 with the decision to jointly explore potential resources. The timing of this agreement, however, should be noted as during the run up to the Beijing Olympics when China made several attempts to appease neighbours to ensure smooth relations and the success of the Games. 'China and Japan agree on joint gas exploration of East China Sea', *Guardian*, 18 June, 2008, <http://www.guardian.co.uk/world/2008/jun/18/china.japan> (Accessed on 12/09/10)

¹⁴⁹ 'China hits out at US on navy row', *BBC News*, 10 March 2009, <http://news.bbc.co.uk/1/hi/7934138.stm> (Accessed on 10/03/09)

¹⁵⁰ Rory Medcalf & Raoul Heinrichs, 'Asia's Maritime Confidence Crisis', *The Diplomat*, 27 June, 2011, <http://the-diplomat.com/2011/06/27/asia%E2%80%99s-maritime-confidence-crisis/> (Accessed on 27/06/11)

¹⁵¹ 'They have returned', *The Economist*, 12 August, 2010, <http://www.economist.com/node/16791842> (Accessed on 12/08/10)

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sinking of the *Cheonan* in March 2010.¹⁵² The attack not only brought widespread condemnation of North Korea accused of conducting the attack, but China who did little to chastise their diplomatic ‘friend’.

V. The influence of China on Japan’s policy towards India

If the US has acted as an initiator and facilitator, China’s role can be described as an accelerator to Japanese interests in India. In many ways including economic, political and security, Japan and India are ‘natural partners’ but with growing perceived and real aggression from their neighbour, the speed at which efforts have developed has increased. In the seventh trilateral strategic dialogue between the US, Japan and India held in 2010, ‘concern about China’s assertive diplomatic and military stance over the past year’ stood out in discussions.¹⁵³ China represents a common link between India and Japan,¹⁵⁴ which within traditional structuralist balancing theory sheds light on Japan’s interest in India. If Japan (A), India (B) and China (C) are considered three prongs of a power triangle in the region, A and B together, outsize C.

Japan’s foreign policy undoubtedly contains elements of hedging. Japan’s elite has bluntly stated the role of China in Japan’s India strategy. According to a senior diplomat stationed in Delhi, ‘the relationship with India is important, partly because of the factor of emerging China. We are not confronting against China, but we have to manage the relationship with China carefully. And in that process, our relationship with India

¹⁵² The US has thus far not conducted exercises in the Yellow Sea in case this upsets China but the Pentagon has said they will do ‘in the near future’. ‘They have returned’

¹⁵³ US-Japan-India Strategic Dialogue, CSIS, September 22-24, 2010, Washington, D.C., <http://csis.org/publication/us-japan-india-strategic-dialogue-1> (Accessed on 26/09/10)

¹⁵⁴ Author’s interview with Brahma Chellaney, *Professor of Strategic Studies, Centre for Policy Research, New Delhi*, 8 March 2011

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becomes more meaningful.’ Even PM Aso during his tenure as Foreign Minister admitted that India served a useful function in balancing against China.¹⁵⁵

i. *Divergent opinions*

The strength of the China-rationale does not find unanimous agreement within Japan. Whilst ring-wing politicians have found the concept palatable and the media often frames India policy as a hedging strategy, business elites and MOFA officials are more cautious about the link. The strength of these actors in the policymaking process, as intervening factors, therefore also impacts their influence.

China’s presence and its salience regarding wider foreign policy in Japan, was encouraged by the concurrent rise of ‘hawkish’ politicians in Japan. Koizumi was notable for his desire to overtly antagonise Chinese sensitivities but Abe was particularly keen to incorporate India into Japan’s broader strategy as a means to check China. Even though Abe decided to make China his first overseas visit, his views on China demonstrate a specific strategy vis-à-vis India. As Abe told the author, ‘China is a cunning player of the diplomatic game’ which always hopes their opponent will give in before tensions rise too high. When Japan devoted greater attention to India from 2005 onwards, China was surprised by Japan’s initiative, especially since according to Abe this was the first time Japan conducted a foreign policy which would impact Sino-Japanese relations in a global context. Beijing response for Abe and his allies proved the success of the policy.¹⁵⁶

¹⁵⁵ Takako Hirose, ‘Japanese Emerging Nationalism and Its New Asia Policy’, in V.R. Raghavan ed., *Asian Security Dynamic: US, Japan & the Rising Powers* (Delhi and Chicago: Promilla & Co. Publishers, 2008), p. 59

¹⁵⁶ Author’s interview with Abe

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Yachi Shotaro, one of Abe's most trusted advisors also emphasised the need for Japan to be more direct in its foreign policy position. The view was that whilst Beijing might be offended by Japanese efforts this 'might be a price worth paying' for more equal relations. The US seemingly concurred with this analysis, as one leaked diplomatic cable stated; 'a more visible US-Japan-India friendship would signal that free and democratic nations, too, pursue their interests, along with partners who share our values. We will be offering other hopeful emerging nations on the continent a distinctly alternative model to China's.'¹⁵⁷

The Japanese media favours placing Japan-India relations within a China-balancing framework. For example following the flaring of the Senkaku/Diaoyu dispute in late 2010, China seemingly held back rare earth exports to Japan.¹⁵⁸ Prior to a visit to Japan in October, Prime Minister Singh suggested that cooperation with India in this field was 'a promising area'. Singh said 'he wants Japan's help in expanding production of rare-earth metals in his country', which are considered largely underdeveloped.¹⁵⁹ The addition was only made in the eleventh hour of negotiations but was quickly picked up by both the *Mainichi* and *Nikkei* newspapers. As one correspondent noted, it was interesting 'because of the link with China'. The Indian MEA was reportedly unhappy with the reference. In Japan in contrast, Singh's comments were considered a logical

¹⁵⁷ Hiddleston, 'How the "stars aligned" for closer trilateral relations'

¹⁵⁸ China reportedly holds 90% of the world's rare earths. 'China cuts rare earth exports for 2011', *Economic Times*, 28 December, 2010, http://articles.economictimes.indiatimes.com/2010-12-28/news/27577746_1_rare-earth-exports-yao-jian (Accessed on 03/01/11)

¹⁵⁹ According to the US Geological Survey, India is the fifth-largest rare-earth producer in the world, holding 3% of global reserves, equivalent to 3.1 million tons. 'India PM Seeks Japan Help In Rare Earths', *Nikkei*, 24 October, 2010, <http://e.nikkei.com/e/fr/tnks/Nni20101023D23JFF02.htm> (Accessed on 05/05/11)

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response to China's 'erratic behaviour' which only served to highlight the need for Japan to diversify its suppliers.¹⁶⁰

Practitioners actively engaged in Japan's policy towards India appreciate (and are keen to emphasise) that overtly factoring in the strengths or weaknesses of a separate bilateral relationship is unwise. Indeed policymakers are often uneasy pointing to structural forces as influences on their strategy. As one MOFA official notes, the situation in Asia today is not akin to nineteenth century Europe.¹⁶¹ However undoubtedly there exists 'a certain level of competition'. As noted elsewhere, whilst the official structure of a 'Quad' or assembly of democracies has been discarded, the idea of bringing together states with a similar international outlook and which excludes China is 'still alive and well'. Perceptions are vital so whilst Japan does not want to explicitly hedge, Japan is not averse to sending the message to China that they have powerful friends in the region. Following Abe and Aso's tenure and overt efforts to challenge China's rise, Japan retreated from identifying China as a factor. Since 2010, however, and increased muscle-flexing by Beijing, Tokyo has begun again to mention China in their negotiations.¹⁶² At the same time, Indian elites have become more vocal about incorporating China into their strategic planning.

ii. *Instances of Chinese influence*

The tangible ways in which China can and has influenced Japan's India policy are difficult to identify. Nevertheless the most evident example of China encouraging Japan

¹⁶⁰ Author's interview with senior official, *Embassy of Japan, Delhi*, 28 February 2011

¹⁶¹ Author's interview with senior official, *Embassy of Japan, London, served in Delhi 1993-96, 2006-09* 20 April 2010

¹⁶² Author's interview with Aftab Seth and N.S. Sisodia, Ambassador to Japan, 2000-2003 and Director General, IDSA, Former Secretary in Ministry of Finance and Defence respectively, Delhi, 16 March 2011

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to formulate stronger relations with India came in 2005 when Sino-Japanese relations reached a new nadir. The realisation observed by one senior Indian diplomat that ‘Japan had placed all her eggs in the Chinese basket’¹⁶³ brought Japan and India closer.¹⁶⁴ Tokyo was awakened to the reality that efforts to bring China into the fold were faltering and that over-dependence on the Chinese market represented a risk both politically and economically.¹⁶⁵ For much of the 1990s Japan believed that through cultivating a strong economy in China they would equally foster a Japan-friendly nation, a hope that was dashed by the 2005 riots.¹⁶⁶ Japan had also hoped to gently persuade Japan that it was in their interests to work effectively with others.¹⁶⁷ Elites in both Japan and India recognize this moment as marking a shift in Japanese strategy. China was also articulated for the first time as a security threat in Japan’s NDPG in 2004, a year before Japan-India relations made a significant leap forward under Koizumi.

2005 also marked sixty years since the end of the Second World War. According to Ambassador Enoki there was a ‘fatigue’ with making apologies and sentiment behind refocusing attention on those nations with whom Japan did not have to apologise.¹⁶⁸ In essence, ‘there are three billion people in Asia and Japan’s previous aggression was only against half so the other half was an untapped resource’. As a result of Koizumi’s

¹⁶³ Author’s interview with Seth

¹⁶⁴ Author’s interview with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010

¹⁶⁵ According to Chellaney, around this time Japanese firms began pushing millions into the Indian stock exchange. Author’s interview with Chellaney

¹⁶⁶ Several diplomats recalled whilst interviewed, a palpable shift in the mindset of people in Japan following these protests.

¹⁶⁷ Author’s interview with Murata

¹⁶⁸ Murata also notes this point in ‘Domestic sources of Japanese policy towards China’, Peng-Er Lam (ed.) *Japan’s Relations with China*, (Oxon & London: Routledge, 2006), p. 43

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April 2005 visit to India, an ambitious ‘Eight-fold Initiative for Strengthening Japan-India Global Partnership’ was agreed.¹⁶⁹

VI. The China factor in Indian policymaking

The structural existence of China not only plays a role in Japan’s foreign policy - India too sees its neighbour as a key variable. Whilst Pakistan may remain the immediate concern for Indian policymakers, China is increasingly becoming the ‘number one priority’.¹⁷⁰ Indeed, concern with China has even been described as part of the ‘national psyche’.¹⁷¹

Whilst official rhetoric from the MEA emphasises a complementarity in relations, in reality there is much competition. In an oft-cited interview for example one senior Indian official explained, ‘both of us think that the future belongs to us. We can’t both be right.’¹⁷² Security relations differ fundamentally with economic matters.¹⁷³ The growth of the Chinese market has served several economies well but with increased economic clout, how China utilises its influence has unsettled India.

During the Cold War, despite each sharing some tentative affiliation with the Soviet Union, mutual respect was rare. Relations were among their weakest in 1962 following

¹⁶⁹ Among the steps announced by the Japanese and Indian governments were 1) enhanced dialogue and exchanges, 2) comprehensive economic engagement, 3) enhanced security dialogue and cooperation, 4) science and technology initiative, 5) cultural and academic initiatives and strengthening of people-to-people contacts, 6) cooperation in ushering a new Asian era, 7) cooperation in UN and other international organisations and 8) responding to international challenges. ‘Japan-India Partnership in a New Asian Era: Strategic Orientation of Japan-India Global Partnership’, *MOFA*, April 2005, <http://www.mofa.go.jp/region/asia-paci/india/partner0504.html#eight> (Accessed on 10/11/10)

¹⁷⁰ Author’s interview with Jagannath Panda, Research Fellow, IDSA, 11th March and Rahul Mishra, Researcher, IDSA, Delhi, 14th March 2011

¹⁷¹ Author’s interview with Mishra

¹⁷² Quoted from Bill Emmott, *Rivals* in ‘In the balance: A special report on China’s place in the world’

¹⁷³ *Ibid.*

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India's humiliating defeat in the Sino-Indian Border War, igniting unease over China's military prowess. Concerns were validated when a secret memorandum by a Director in the PLA stated that 'We can no longer accept the Indian Ocean as only for the Indians.'¹⁷⁴ China's acquisition of a nuclear weapon in 1964 and subsequent admission to the NPT as a 'nuclear state' continues to frustrate.

In addition to unease with China's naval sea-power, disputes have surfaced over the Himalayan border, the state of Arunachal Pradesh, Tibetan exiles and energy competition. The development of 'vertical strategic corridors, one to the west and another to the east of India' has also caused tension.¹⁷⁵ India perceives China as posing a *potential* if not actual threat to Indian interests through an apparent 'string of pearls' encirclement.¹⁷⁶ To the west, the channel leading to the Gwadar port in southwest Pakistan (with 80% funding from China)¹⁷⁷ is seen as a tactical means to gain access to the Arabian Sea.¹⁷⁸ This port's position at the entrance to the Strait of Hormuz has been described as a 'listening post' to 'monitor US naval activity in the Persian Gulf, Indian activity in the Arabian Sea and future US-Indian maritime cooperation in the Indian Ocean.'¹⁷⁹ On the east the Irrawaddy Corridor from Yunnan province to the Bay of Bengal unnerves strategists, as do closer relations with the Maldives and Sri Lanka, the

¹⁷⁴ Youssef Bodansky, 'The PRC Surge for the Strait of Malacca and Spratly Confronts India and the US,' *Defence and Foreign Affairs Strategic Policy*, (Washington, DC, September 30, 1995) pp. 6-13 quoted in Pant, 'China's Naval Expansion in the Indian Ocean and India-China Rivalry.'

¹⁷⁵ Chellaney and Horimoto, 'Japan-India Links Critical for Asia-Pacific Peace and Stability', *Gaiko Forum*, Fall 2007, Volume 7, Number 2, <http://chellaney.net/2007/11/10/japans-leading-foreign-affairs-journal-interviews-brahma-chellaney/> (Accessed on 02/02/09)

¹⁷⁶ Hagerty, 'India and the Global Balance of Power: A Neorealist Snapshot' in Pant, (ed.), *Indian Foreign Policy in a Unipolar World*, p. 38

¹⁷⁷ James R. Holmes, 'How to Track China's Naval Dreams', *The Diplomat*, 31 May, 2011, <http://the-diplomat.com/2011/05/31/how-to-track-china%e2%80%99s-naval-dreams/> (Accessed on 31/05/11)

¹⁷⁸ Chellaney and Horimoto, 'Japan-India Links Critical for Asia-Pacific Peace and Stability'

¹⁷⁹ Pant, 'China's Naval Expansion in the Indian Ocean and India-China Rivalry.' Fears rose even higher in May 2011 when Pakistani Defence Minister Mukhtar reported that management of the Gwadar port would be shifted from Pakistani to Chinese hands. This announcement, quickly renounced by Beijing stoked fears that China was planning on building military bases around India. Holmes, 'How to Track China's Naval Dreams'

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latter to whom China provided substantial military equipment to conclude the civil war with the LTTE (Liberation Tigers of Tamil Eelam) in 2010.¹⁸⁰ India is also concerned by China's intentions to become a full member of SAARC.¹⁸¹ As one analyst notes, 'China's frontiers are moving even if its boundaries are not'. For Richardson, Beijing is seen to be 'seeking to do in the Indian Ocean what the US military has done in Southeast Asia since the 1990s - establish a network of "places not bases" by negotiating country-by-country agreements allowing naval ships and, in some cases military aircraft as well as service personnel, to use base facilities that remain under the control of the host government.'¹⁸² China also opposed India's application for Permanent Membership of the UN Security Council and the 'all-weather friendship' China maintains with Pakistan particularly irks Delhi¹⁸³ as do disagreements over Kashmir. This was palpable in July 2010 when defence exchanges were suspended after the Head of Northern Command was refused a visa to visit Kashmir.¹⁸⁴

Economics ties are nonetheless strong, with China now India's largest trading partner and an ally in the face of international pressure at the WTO and on the issue of climate change. India and China share a controversial border, which India does not want to

¹⁸⁰ China has also invested heavily, for example, in a commercial port at Hambantota in southern Sri Lanka.

¹⁸¹ Author's interview with J. Panda. Since 2005 China has been an 'observer' at SAARC, the regional organisation where India dominates and has shown signs of membership ambitions. Rahul Karmakar, 'China seeks bigger role in SAARC', *Hindustan Times*, 23 May, 2008, <http://www.hindustantimes.com/China-seeks-bigger-role-in-Saarc/Article1-312557.aspx> (Accessed on 04/06/11)

¹⁸² Michael Richardson, 'Another "pearl" in Beijing's string of ports', *The Japan Times*, 19 August, 2010, <http://search.japantimes.co.jp/cgi-bin/ao20100819mr.html> (Accessed on 19/08/10)

¹⁸³ India's heightened cooperation with the US has also not helped quell distrust. Richardson, 'Another "pearl" in Beijing's string of ports'

¹⁸⁴ Ananth Krishnan, 'India, China ironing out problems: Beijing', *The Hindu*, 29 June, 2011, <http://www.thehindu.com/news/international/article2145099.ece> (Accessed on 29/06/11)

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destabilise.¹⁸⁵ For this reason India has been adamant to separate China from India-Japan ties at least rhetorically.

This reticence was particularly evident as the 'Quad' initiative dispersed in early 2008 when India decided to retreat.¹⁸⁶ China became more aggressive over border patrols and placing increased pressure on India over the Dalai Lama. The signing of the US-India Nuclear Agreement was also coming into effect. On several other occasions since, Delhi has bristled at the suggestion that China factors into Japan-India ties,¹⁸⁷ for example when a security declaration was signed PM Singh was at pains to emphasise the agreement was not 'at the cost of any third country, least of all China.'¹⁸⁸

For Indian elites the China factor is prescient. Yet Delhi considers it premature to commit to any one configuration of states whilst the equilibrium of power is still being established.¹⁸⁹ Indian policymakers appreciate the potential dangers of formulating relations with a third party based on those with another.

VII. Conclusion

The existence of China as a structural reality is of central importance when analysing Japanese policymaking and in keeping with NCR theorising. More than any other structural factor including the US alliance, concerns over how best to deal with China

¹⁸⁵ According to Seth and Sisodia, India's wants a cooperative relationship with China and to avoid provocations. Author's interview with Seth and Sisodia

¹⁸⁶ Author's correspondence with Sourabh Gupta *Senior Research Associate, Samuels International Inc.* June 2010

¹⁸⁷ This was also noted by the author in fieldwork interviews, although following further discussion the role of China became evident in Indian thinking.

¹⁸⁸ Siddharth Varadarajan, 'India, Japan say new security ties not directed against China', *The Hindu*, 23 October, 2008, <http://www.hindu.com/2008/10/23/stories/2008102355661200.htm> (Accessed on 27/11/08)

¹⁸⁹ Author's correspondence with Gupta

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dominates policymaking. The US has been able to act as an initiator but cannot create issues on which the two states can cooperate. For this the question of China acts as the greater structural force. Both Tokyo and Delhi appreciate that neither had 'handle' China alone.

Whilst for Japan the 'India card' is considered of central importance when dealing with China, India is collecting an increasing number of hands to bring to the table. Neither Japan nor India is willing to place China as the driving factor behind their interest yet the importance of China is impossible to overlook. A congruence of concern has existed for many years in both state's mindset. Even though India has been cautious, as one senior Indian diplomat notes, 'the rise of China has definitely assisted closer relations – there is no doubt about that.'¹⁹⁰

In line with this thesis' adherence to NCR, despite the primacy of structure (namely China and the US) in dictating policy-options available to Japan, these conditions are unable to fully explain the exact nature and timing of policy decisions taken by a state. In order to understand this process it is necessary to 'open the black box' and integrate knowledge of the external environment with unit-level factors. Policy decisions cannot be narrowed to just one actor. Indeed as Chapter 8 in particular will argue, shaping policy as 'bookends' around China has not provided sufficient substance. Domestic factors must also be considered.

¹⁹⁰ Author's interview with senior official, *East Asia, Ministry of External Affairs, Delhi*, 15 March 2011

4. The Policymaking Process: Domestic Institutions and Actors

This chapter will identify the additional actors which contribute to the complex web of interests which ultimately dictate policy and summarise how each has influenced Japan's approach towards India. The body of this thesis will look in greater detail at how these intervening variables have contributed and the influential weight each has been able to wield. Following Chapter 3's focus on structural influences, the following 'opens the black box' of Japan's unit-level actors. In line with NCR theorising, a state's internal decision-making organisations are important to the creation of foreign policy since it is through these mechanisms that relative power and structural realities are read.

The question of where power rests in Japan is open to debate. This is primarily between those who argue that Japan operates an 'elitist' as opposed to 'pluralist' system of governance. As Pempel notes, there is plenty of evidence for either argument.¹ The 'elitist' camp characterise Japan as 'Japan Inc.'² run by a small group of influential individuals, often with strong interests in Japan's economy. Pluralists recognise a number of actors without necessarily emphasising one. Pluralists appreciate that dependent on the issue the influence of groups differs. For other observers as Hagstrom identifies, such a division between elitists and pluralists, implicitly assumes that

¹ For example the workings of the US-Japan Security Treaty appears strongly within the control of elites within the LDP but the influence of Japan's rice farmers on trade policy suggests power among a broader section of society. T.J. Pempel, ed., *Policymaking in Contemporary Japan*, (Ithaca: Cornell University Press, 1997), p. 320

² Linus Hagström, 'Diverging Accounts of Japanese Policymaking', *The European Institute of Japanese Studies, Working paper* No. 102, (September 2000), p. 4

identifying actors is even possible. Karel van Wolferen rejects such a notion, believing instead that the process is ‘enigmatic’ like a ‘truncated pyramid’.³

I. Policymaking Models

During Japan’s post-war industrial boom, opinion on Japanese foreign policy was relegated to ‘essentially a means of removing obstacles, or defusing possible mine-fields, in the path of Japan’s economic interests.’⁴ The assumption was that Japan had an ‘economic strategy’ rooted in the work of the bureaucracy.⁵ Analysis by Chalmers Johnson with the concept of the ‘developmental state’ dominated scholarship on where power was concentrated.⁶ Through tracing the origins and cause of Japan’s twentieth-century ‘economic miracle’, Johnson identified the bureaucracy, particularly MITI (now METI) as being at the helm of policymaking.⁷ For Johnson, ‘Japan is a system of bureaucratic rule’ where the primary function of politicians is to act as a ‘safety valve’ for officials. Johnson later retracted some elements of his original argument as political parties like the LDP grew in influence in the late 1970s but continued to maintain that the ‘most important policies still originate within a ministry or agency, not within the political or private sectors’.⁸

³ Karel van Wolferen, *The Enigma of Japanese Power: People and Politics in a Stateless Nation*, (New York; Vintage Books, 1987, 1992), p. 7

⁴ Bill Emmott, ‘The Economic Sources of Japan’s Foreign Policy,’ *Survival, The IISS Quarterly*, Vol. 34, No. 2, London: International Institute for Strategic Studies (1992), p. 52

⁵ For further works on the subject of bureaucracy-ruling party dynamics see Scalapino, *The Foreign Policy of Modern Japan* (1977), Gertis, *Japan’s Foreign Policy After the Cold War* (1993), Robert J. Art ‘Bureaucratic Politics and American Foreign Policy: A Critique’ *Policy Sciences* 4, No. 4 (Dec 1973) and Stephen D Krasner ‘Are Bureaucracies Important? (Or Allison Wonderland)’ *Foreign Policy*, no. 7 (Summer 1972)

⁶ Chalmers Johnson, *MITI and the Japanese Miracle The growth of industrial policy, 1925-1975*, (Stanford; Stanford University Press, 1982)

⁷ Johnson appreciated that bureaucracies often faced internal disagreements and pressure from other parties but considered their influence to ‘exert the greatest positive influence’.

⁸ Chalmers Johnson, D’A Tyson and J. Zysman eds., *Politics and Productivity: How Japan’s Development Strategy Work*, (New York; Ballinger, 1989), p. 182

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This bottom-up approach was long-considered the most suitable model. Aurelia George Mulgan described Japan as the 'Un-Westminster' system,⁹ where in contrast to the UK; Japanese bureaucrats play a central role whilst politicians merely negotiate the terms. For Mulgan, Japan's bureaucracy has 'formidable control over the function of policy advice, initiation, formulation and implementation'.

A subsequent generation of scholars have challenged Johnson and Mulgan's assumptions. Haley for example believes that 'the dominance of the Japanese bureaucracy in the political process has been grossly exaggerated. Not only has bureaucratic influence rarely been as significant as generally perceived, but also what powers the bureaucracy has exercised have declined steadily'.¹⁰ Other scholars claim that policy is directed solely by the LDP. Ramseyer and Rosenbluth adopt a 'rational choice' approach, viewing politicians and bureaucrats as principals and agents who balance against one another.¹¹ Officials who are aware of the influence politicians hold over their career futures, provide policies simply which they believe politicians will implement.

i. '*Kantei diplomacy*'

A recent addition to the debate has been made by Shinoda.¹² Despite the title '*Koizumi Diplomacy*,' his volume chronicles the extension of the Prime Minister's Official

⁹ Aurelia George Mulgan, 'Japan's Un-Westminster' System: Impediments to Reform in a Crisis Economy' *Government and Opposition* 38, no. 1 (Winter 2003), pp. 73-91

¹⁰ Maurice Wright, 'Who Governs Japan? Politicians and Bureaucrats in the Policy-Making Processes', *Political Studies*, XLVII (1999) p. 945

¹¹ JM Ramseyer and FM Rosenbluth, *Japan's Political Marketplace*, (Cambridge MA, Harvard University Press, 1993) in Wright, 'Who Governs Japan? Politicians and Bureaucrats in the Policy-Making Processes', p. 949

¹² Tomohito Shinoda, *Koizumi Diplomacy: Japan's Kantei Approach to Foreign and Defense Affairs*, (London; University of Washington Press, 2007)

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Residence (*Kantei*) as the 'core executive' on security policy-making under Nakasone and Hashimoto through to Koizumi's premiership.¹³ Shinoda shows how with limited power within their party and weak links with the bureaucracy, they strengthened the office of the Prime Minister to the extent that 'the *Kantei* has supplanted MOFA in formulating legislation'.¹⁴ Shinoda praises this change, deeming it not only democratic since the Prime Minister is elected but also efficient since he can act as mediator between ministries and interests. Shinoda believes that the *Kantei* is also politically-conscious and therefore better able to 'pursue national interests compared to MOFA, which may put a higher priority on friendly relations with foreign countries.'¹⁵

Despite these positives, Shinoda's analysis does not necessarily equate to the reality of current policy formulation. Shinoda's approach goes a step too far by claiming that the *Kantei* has taken over from other sectors to dominate policymaking. Consensus-building within the LDP, bureaucracy and other interested parties was still required to pass Koizumi's landmark legislation. Furthermore as Mulgan notes, Shinoda overlooks structure and the fact that Koizumi was cushioned by strong domestic political support. Without such a backdrop it is unlikely such radical policies would have been accepted.

Whilst valuable for its in-depth critique of the working of the *Kantei*, as a model for understanding the formation of policy Shinoda's thesis is flawed. A more balanced perspective has come from academics that broaden their explanations to include additional actors. Officials retain dominance in policymaking but Japan is not quite as

¹³ The *Kantei* is defined by Shinoda in its 'narrowest' terms as the Prime Minister, chief cabinet secretary (CCS) and three deputy CCSs and in the 'broader definition' employed in his study as also including the Cabinet Secretariat p. 8

¹⁴ Shinoda, *Koizumi Diplomacy: Japan's Kantei Approach to Foreign and Defense Affairs*, p. 14

¹⁵ Ibid. p. 145

‘statist’ as once thought. Muramatsu’s ‘patterned pluralism’ model has been particularly influential.

ii. *Patterned Pluralism*

The model of political pluralism relates to a system where several relatively autonomous groups vie for power rather than one where a select number of actors direct policy. In contrast to ‘classical pluralism’, however, in Muramatsu’s model the state is not weak and competition between groups is not open-ended.¹⁶ The modifier ‘patterned’ is therefore added to indicate that since the state is ‘penetrated’ by predictable interest groups and political parties. It remains strong within the framework of LDP-dominance. The bureaucracy continues to act as the ‘pivot’ for policymaking alliances.¹⁷ Nevertheless there has been a tangible shift in the location of initiative ‘where prime ministerial, parliamentary and interest group power has grown resulting in the bureaucracy being forced to ‘share the stage with a number of other influential actors’.¹⁸

The 1980s brought two significant drivers of change: increased strain on government resources and economic friction with the US.¹⁹ Muramatsu argues that each of these factors, one domestic and the other external, made the bureaucracy more ‘defensive’ thereby boosting the power of the prime minister and ‘enhancing patterned pluralism’.

¹⁶ M. Muramatsu and Krauss, ‘The Conservative Policy Line and the Development of Patterned Pluralism’, in K Yamamura and Y Yasuba, eds, *The Political Economy of Japan, Vol. 1: The Domestic Transformation* (Stanford CA: Stanford University Press, 1987) p. 538

¹⁷ Midford, *Rethinking Japanese Public Opinion and Security*, p. 542

¹⁸ *Ibid.* p. 540

¹⁹ MOF autonomy for example, once severely protected, was reduced when demands from the US forced Japan to liberalise interest rates in 1983. The Ministry of Finance had also suffered threats to its independence in the 1970s due to domestic pressure of Japan’s rising *zoku* and other political pressures ultimately led to MOF failure to uphold a balanced budget. Muramatsu, ‘Patterned Pluralism under Challenge: The Policies of the 1980s’ in *Political Dynamics of Contemporary Japan*, (Ithaca NY: Cornell University Press, 1993), p.60

Whilst the DPJ government establishes its approach to policy, Muramatsu's model of pluralism continues to provide the most viable method of analysis. Furthermore, the 'patterned pluralism' recognises that the evolution of various groups occurs as a result of structural/environmental changes, therefore adhering to NCR.

II. Domestic institutions and actors

The Japanese state as an agent is commonly divided into three, consisting of the ruling political party, bureaucracy and business community (*zaikai*). This is labelled an 'iron triangle,'²⁰ 'tripartite elite model,'²¹ 'tripartite power elite'²² or 'tripod'.²³ Within the bureaucracy, MOFA, METI and to a lesser extent MOF and MOD participate in international affairs.²⁴ The media, non-governmental organisations and public opinion are relatively recent additions. A key objective of this research will be to gauge the level of influence present at each of these levels when referring to the foreign policymaking process towards India.

III. The Prime Minister

Japan operates a parliamentary democracy in which the administrative bodies and ruling party serve to limit the decision-making profile of the central office. Article 65 of the Constitution states 'Executive power will be vested in the Cabinet', with Article 73

²⁰ Richard Colingdon and Chikaku Usui, 'The Resilience of Japan's Iron Triangle: Amakudari' *Asian Survey*, Vol. 41, No. Sept-Oct 2001, pp. 865-895

²¹ Hook et al. *Japan's International Relations: Politics, Economics and Security*, p. 41

²² Haruhiro Fukui, 'Studies in policymaking: a review of the literature', Pempel ed. *Policymaking in Contemporary Japan*, p. 22

²³ Quansheng Zhao, *Japanese Policymaking: The Politics behind Politics: Informal Mechanisms and the Making of China Policy*, (Oxford; Oxford University Press, 1995), p. 11

²⁴ The Ministry of Agriculture, Forestry and Fisheries (MAFF) has also played a sporadic role on the issue of the liberalisation of the rice trade.

giving this body authority to ‘manage foreign affairs’. As head-of-government and part of the Cabinet, the Prime Minister is also able to exert influence over foreign policy. Prime ministers act as spokesmen for the nation on the international stage and are therefore able to wield this unique attribute to their own purposes. No other political actor is able to mobilise cross-ministry support behind an issue, nor make final decisions over a policy when several alternatives are present.²⁵ According to Nobayashi, the greater the personal commitment by a Prime Minister to an issue, the greater his influence.²⁶ Greater politicisation of a policy also serves to relegate officials to implementing rather than formulating its direction. As the below will show, this was evident during Abe’s premiership.

The Prime Minister in Japan has witnessed an increasingly important role in foreign policymaking following a series of reforms.²⁷ Yet despite the expansion of top-down leadership since Koizumi, Japanese people still mistrust centralised authority. Approval of the *Kantei* through the administrations of Hatoyama and Kan often floated around 20%. Elites interviewed for this study often lamented the lack of ‘political leadership’ and as the following will demonstrate, despite some political interest in India, the short-termism of Japanese premierships has resulted in disjointed progress as each attempts to differentiate himself from his predecessor. Furthermore as Chellaney argues, in both Japan and India the prime minister is not the most powerful politician in his party.²⁸

²⁵ An example given to this point by A Tanaka is when Prime Minister Nakasone, despite opposition from the Ministry of Finance, increased Japan’s defence budget.

²⁶ Takeshi Nobayashi, ‘Prime Minister, Bureaucracy and Ruling Party: Leadership Characteristics in Japan’s Foreign Policy Decision-Making’, *The Doshisha Law Review*, Vol. 30, No. 5, (1977), p. 26

²⁷ Studies which are devoted to this centralization of power and prevalence of ‘*Kantei diplomacy*’ include Muramatsu and Shinoda.

²⁸ Brahma Chellaney, ‘The Japan-India partnership to power a multipolar Asia’, *Japan Times*, 30 December 2009, <http://search.japantimes.co.jp/cgi-bin/eo20091230bc.html> (Accessed on 02/01/10)

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As one senior Japanese diplomat in Delhi notes, Japan has 'high productivity when it comes to political leaders'. Indeed in the past decade, Japan has seen eight prime ministers; most of whom have receded from political life due to domestic scandals.²⁹ Each, however, has taken a slightly different view on foreign policy as well as India. An overview of attitudes towards India will therefore follow before the extent to which these actors have influenced policy is addressed in the main body of the thesis.

i. *Mori Yoshiro, 2000-2001*

Mori's visit to India in 2000, the first in a decade, represented the catalyst for the modern strengthening of ties. Critics point to the fact that President Clinton made his landmark 'triumphal visit' to India just four months earlier³⁰ but some discernible differences remain. Mori's diplomatic agenda was concentrated with reducing the IT digital divide, which had become a key theme at the G8 Summit hosted by Japan that year. Following the Y2K panic and dot-com bubbles, India had been affirmed a hub of highly-skilled engineers, which acted as encouragement for Mori to stop in Bengaluru (Bangalore), India's 'Silicon Valley'.³¹

Mori was well-received and according to former Ambassador Enoki, brought relations with India back to zero. For India, however, the visit represented an admission

²⁹ For Abe it was the pension's scandal, for Fukuda the lack of an Upper House majority, the lack of a political mandate for Aso, and rumours of financial misdealing which tainted Hatoyama. John Hemmings, 'Japan, the headless polity', *East Asia Forum*, 8 June, 2010, <http://www.eastasiaforum.org/2010/06/08/japan-the-headless-polity/> (Accessed on 09/06/10)

³⁰ The beginnings of US rapprochement with India were certainly helpful to Japan, and indeed the Ambassador to Delhi at the time recalled to the author that seeing the reception granted to Clinton encouraged him to seem similar favour for his government. Former Ambassador Hirabayashi claims Mori came to India on his invitation after the Ambassador had noted the warm welcome offered to Clinton and wanted to create similar 'atmospherics' with Japan. Author's interview with Hiroshi Hirabayashi, *Former Ambassador to India 1998-02*, 21 June 2010. Hirabayashi has also acted as an advisor to Toshiba

³¹ Mori established an 'IT Strategy Council' and the 'Okinawa Charter' which allocated \$15 bn over five years to address the divide. Purnendra Jain 'India's Calculus of Japan's Foreign Policy in Pacific Asia', in T. Inoguchi (ed.), *Japan's Asia Policy: Revival and Response*, (New York: Palgrave, 2002), p. 211

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according to Foreign Secretary Dixit that Tokyo was ready to ‘get down from the high political horse of its condemnatory and critical political stance against India’.³² Dire domestic approval rating and poor relations with the media, which barely covered the visit, also limited the progress made.³³ Hence despite the ‘rapprochement’ initiated by Mori’s visit and increasingly favourable international environment, Japan was not ready to bring India into its diplomatic fold. Japan’s attention remained firmly focused on China, still unsure that India’s economic reforms would bring lasting rewards.

ii. *Koizumi Junichiro, 2001-2006*

Koizumi Junichiro’s term in office is generally termed a success, not only for its longevity and economic reforms but strengthening of relations with the US. ‘Almost by instinct’ according to a former MOFA speechwriter, Koizumi aligned with the Washington, forming a personal friendship with President Bush and later deployed the first Japanese troops abroad since the Second World War to Iraq and Afghanistan.

Koizumi showed little personal interest in India, focussing instead on North Korea and China. As essentially a populist leader³⁴ and Chairman of the Japan Association for the Bereaved Families of the War Dead, Koizumi concentrated particularly on the abduction issue. Another theme of Koizumi’s premiership, however, was global governance and increasing attention around 2005 to improve the distribution of power.

³² J.N. Dixit, ‘Yoshiro Mori’s visit to India: A yen for change’ *Indian Express*, 4 September 2000, <http://www.indianexpress.com/ie/daily/20000914/dixit.htm> (Accessed on 04/05/09)

³³ Mori’s domestic position was weak before he left for South Asia due to several untimely gaffes, including describing Japan as a ‘divine country’, which left his approval ratings around the 12% mark. Author’s interview with Taniguchi

³⁴ Hirose, ‘Japanese Emerging Nationalism and Its New Asia Policy’, p. 59. Despite his popular appeal, Koizumi was a ‘maverick’ within his own party who faced frequent opposition. He had also never occupied a senior Cabinet position before coming Prime Minister and did not even lead a faction, instead belonging to the relatively small Mori faction. Shinoda, *Koizumi Diplomacy*. Acknowledgments, p. x

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In the hope of initiating UN reform, India appeared on Koizumi's radar. Relations with China were also unsettled following Koizumi's repeated visits to the Yasukuni Shrine. Towards the end of his premiership as India's economic presence grew following the BRICs report and increasing US attention to the region, Koizumi paid a visit in 2005 bringing relations to a positive reading.³⁵ According to Tanaka Naoto, Koizumi's economic advisor, he also shared positive chemistry with PM Singh but the issue of nuclear disarmament proved problematic. Koizumi's perception of India was primarily as an ally of the US and distraction from deteriorating Sino-Japanese relations. His tenure therefore placed India within a 'balancing' agenda in Asia.

iii. *Abe Shinzo, 2006-2007*

Shinzo Abe showed the greatest enthusiasm for India. More than any other Prime Minister, Abe placed relations as a priority and attempted to shape foreign policy around his own ideology.³⁶

Abe was highly influenced by his grandfather, Prime Minister Kishi Nobusuke, a former colonial administrator who served in the war-time Cabinet. Stories of Kishi's visit struck a chord with Abe who recalled to the author the fond memories held of Nehru's positive reception following Japan's defeat.³⁷

³⁵ Author's interview with Yasukuni Enoki, *Former Ambassador to India, 2004-07* 15 June 2010. Enoki was Economic Counsellor in New Delhi between 1981 and 1983, then following other posts, including Ambassador to South Africa, was sent as Ambassador to India. Enoki Yasukuni is also a member of the Komeito group; a Buddhist organisation which according to some helped him find favour with India.

³⁶ For an analysis of Abe Shinzo's beliefs, see B. Edström, 'The Success of a Successor: Abe Shinzo and Japan's Foreign Policy', *Silk Road Paper*, (May, 2007), pp. 1-82

³⁷ According to Abe, Nehru addressed a crowd of thousands introducing Kishi thus; 'This is the Prime Minister of Japan which is a great country which once defeated Russia. That victory as an Asian people has been a great source of inspiration for Nehru and Gandhi to what Indian people could envisage.' Author's interview with Abe.

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For Abe, unlike other Japanese premiers, personal ideology played a significant role in the approach Japan took towards India. Abe sought to launch a new direction for Japan's foreign policy, described by Samuels as the 'Goldilocks Consensus' which placed Japan 'not too close and not too far from the hegemon-protector'. As Hirose has commented, 'With Junichiro Koizumi, the US was Number 1, Number 2 and Number 3...I think for Abe, Asia is more important.'³⁸ Abe certainly tempered some of his nationalist rhetoric upon assuming office, making conciliatory visits to China and ROK. Abe spoke of a 'broader Asia' and in his inaugural policy speech in September 2006, of Japan's need to be 'trusted, respected and loved in the world'. In order to do this, 'Japan needs to stretch its wings'³⁹ and provide security in Asia; 'the unfinished business of my generation.' In his first speech to the Diet, Abe announced a 'shift to proactive diplomacy', identifying India saying, 'I will engage in strategic dialogue at the leader's level with countries that share fundamental values such as India... with a view to widening the circle of free societies in Asia.'⁴⁰

Abe's attraction to India only emerged, however, once he entered political life and heard from a senior MOFA advisor of the potential of India.⁴¹ In 2006 as Deputy Chief Cabinet Secretary, Abe published *Utsukushii Kuni E* (Toward a Beautiful Country) in which he devoted three pages to Indo-Japanese relations, describing them as 'the most important bilateral relationship in the world.'⁴² Abe even went so far to claim, 'It will

³⁸ Bryan Walsh 'Why Japan Is Cozying Up to India', *Time*, 13 December, 2006, <http://www.time.com/time/world/article/0,8599,1569557,00.html> (Accessed on 04/05/09)

³⁹ Richard J Samuels, *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*, (Ithaca, NY: Cornell University Press, 2008), p. 185

⁴⁰ 'Text of Policy Speech to the Diet', *The Japan Times*, October 3, 2006, p. 3 quoted in Vivek Pinto, 'A Strategic Partnership Between Japan and India?' *Japan Focus*, 11 January 2007, <http://www.japanfocus.org/-Vivek-Pinto/2321> (Accessed on 19/05/09)

⁴¹ From several conversations in Tokyo, this individual was likely Kenichiro Sasae, currently Vice-Minister for Foreign Affairs

⁴² Shinzo Abe, *Utsukushii kuni e: jishin to hokori no moteru Nihon e* (Tokyo: Bungei Shunju, 2006), cited in Takio Yamada, 'Japan-India Relations: A Time for a Sea Change?' in K Kesavapany, A. Mani and P.

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not be a surprise if in another decade Japan-India relations overtake Japan-US and Japan-China ties.’⁴³ Indian elites welcomed his election, with some of the Indian press describing him as Japan’s ‘Rajiv Gandhi’, being the country’s youngest Prime Minister⁴⁴ born after the end of the Second World War.⁴⁵

Abe’s ideological preferences towards India were evident in his visit in August 2007. In addition to paying tribute to Justice Pal in a speech to the Indian Parliament (an honour not even afforded the leaders of China and the US),⁴⁶ Abe also visited Bengal, the state considered to have the greatest cultural affinity with Japan. He paid a visit to the 81-year old son of Judge Pal,⁴⁷ visited the birthplace of Rabindranath Tagore and Subhas Chandra Bose Museum.⁴⁸ On this visit, annual summits and negotiations for CEPA were first aired but despite taking a delegation of around 200 business leaders and university vice-chancellors to India, economics were not the main focus.

China was never far from Abe’s conception of Japan’s priorities but rather than approach China directly, he dealt with China through the use of ‘values’ rhetoric (see

Ramasamy, *Rising India and Indian Communities in East Asia*, (Delhi: Institute of Southeast Asian Studies, 2009), p. 160

⁴³ Ibid.

⁴⁴ Sudheendra Kulkarni, ‘Friend of India, Shinzo Abe to be Japan’s youngest PM’, *Indian Express*, 21 September 2006, <http://www.indianexpress.com/news/friend-of-india-shinzo-abe-to-be-japans-yo/13123/> (Accessed on 04/06/11)

⁴⁵ At the beginning of Abe’s term, Kenneth Pyle described Abe as part of a generational shift away from Japan’s passive Cold-War policy toward a more active foreign policy doctrine.

⁴⁶ Taniguchi, who wrote ‘Confluence of the Two Seas’ speech delivered to the Indian Parliament, had only visited India once before preparing the address. As he told the author, he realised that economic figures could not feature highly in Abe’s comments so since Indian parliamentarians are often ‘intellectuals...they know history and would appreciate references to Indian culture’, these areas would be emphasised. Author’s interview with Taniguchi.

⁴⁷ Norimitsu Onishi, ‘Decades After War Trials, Japan Still Honors a Dissenting Judge’ *New York Times*, 31 August, 2007, <http://www.nytimes.com/2007/08/31/world/asia/31memo.html> (Accessed on 19/08/09) Abe praised Justice Pal thus, ‘The people of Japan love Radhabinod Pal and still hold him in the highest esteem’ *The Hindu*, August 24, 2007. It is also claimed by Nandy that before Hideki Tojo went to the gallows he left for his wife a haiku in Justice Pal’s honour. According to a former aide of Abe, MOFA advised against visiting Pal’s grandson in fear of the message it might send. Nandy, ‘The Other Within: The Strange Case of Radhabinod Pal’s Judgment on Culpability’, p. 47

⁴⁸ When referring to Bose, Abe also used the honorific ‘Netaji’ which means ‘Respected Leader’.

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Chapter 8). As explained to the author, his reasons for seeking out India revolved around three developments; 1) the size of India's economy and population, 2) lack of 'historical baggage' and 3) the fact that 'Japan and India have had the same experience opposing pressure from Western nations'.

Attention, both internally and internationally towards the nuclear deal with the US, however, diluted some of the acclaim the visit might otherwise have achieved. Abe was also mired in domestic troubles as control of the Upper House fell to the Opposition a month before. A number of personnel scandals also damaged his position. As Professor Murata argues, whilst Abe had 'strong conviction' he did not have 'strong leadership'.⁴⁹

iv. *Fukuda Yasuo, 2007-2008*

Abe's replacement, Fukuda Yasuo brought a temporary break in efforts as placating China served as the priority. Fukuda was keen not to conflict with Japan's neighbours and sought greater compliance rather than taking an interest in values. In Fukuda's first speech at the annual ASEAN meeting in November 2007 for example, he made no reference to India.⁵⁰ His first foreign visit was to the US followed by China, none was made to India. Fukuda was, however, interested in the region as President of the Japan-Sri Lanka Friendship League. Fukuda had served as CCS under Koizumi and was acutely aware of the importance of foreign policy as a politician.⁵¹ Yet the administration lasted only 12 months before Fukuda announced his resignation in

⁴⁹ Author's interview with Murata

⁵⁰ Takahashi Inoguchi, 'Japan as a Global Ordinary Power: Its Current Phase', *Japanese Studies*, 28, 1, p. 10

⁵¹ According to Hirose, Fukuda was greatly influence by his father who had in the late 1970s had established what became known as the 'Fukuda Doctrine' of engagement with Southeast Asia. Hirose, 'Japanese Emerging Nationalism and Its New Asia Policy', p. 59

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September 2008, citing domestic stalemate. Nevertheless it was during Fukuda's tenure that Japan signed the NSG waiver for the US-India Nuclear Deal suggesting more than just *Kantei* ideology was at play.

v. *Aso Taro, 2008-2009*

Aso Taro served as Foreign Minister under the Abe administration and worked on Japan's 'values-driven diplomacy'. A self-admitted 'hawk', Aso's view on China fell broadly in line with that of Abe and they both sought to define a more autonomous Japan and aired the suggestion of debating nuclear weapons. According to Professor Naidu, Aso was determined to visit India early in his tenure as Foreign Minister. This never materialised due to a domestic scandal which forced Aso's Indian counterpart to resign⁵² but frustrated by Fukuda's approach, when Aso became Prime Minister himself he made no secret of his interest in India. He used his first overseas visit to the UN before hosting India's Prime Minister in October 2008. In his 2007 book, 'Incredible Japan', Aso opened with a reflection on his visit to India as Foreign Minister in 2005.⁵³ Ultimately Aso was restricted by events since soon after taking office the global community became engulfed in the 'Lehman Shock' and subsequent economic crisis.

⁵² Author's interview with GVC Naidu, *Professor in Southeast Asian Studies, JNU, New Delhi*, 8 March 2011

⁵³ Aso Taro, *Totetsu mo nai Nihon (Incredible Japan)* (Tokyo: Shinchosha, 2007) p. 9-11, referred to in Purnendra Jain, 'From Condemnation to Strategic Partnership: Japan's Changing View of India-1998-2007', *Institute of South Asian Studies Working Paper, National University of Singapore*, No. 41, (March 2008), p. 19

vi. *Hatoyama Yukio, 2009-2010*

The DPJ landslide in 2009 brought Indian fears that progress would be disrupted. The coverage of India's global significance declined in the DPJ manifestos from 2005 to 2009,⁵⁴ perhaps as a result of the US-India nuclear deal which the DPJ fiercely opposed and Hatoyama made no reference to India's inclusion in his vision of an East Asian community. Scholars in India also noted a 'worrisome reference linking Pakistan's nuclear proliferation to the Kashmir issue'.⁵⁵

Yet Hatoyama was reportedly determined to comply with the pledge for top-level annual exchanges, visiting in the final days of December 2009. As leader of the opposition Hatoyama had visited India and Kashmir in 2002 and auspiciously for Delhi, agreed not to visit Pakistan.⁵⁶ In India among his calls was a visit to the BJP to learn from their experience in opposition.⁵⁷ He was said to 'love India' and described by others as an 'Indophile' or 'India-wallah'⁵⁸ but this appears to relate more to India's cultural rather than strategic attributes. For example during his policy speech to the Diet on 29 January 2010 he referred to the 'Seven Sins' identified by Gandhi as incisive of

⁵⁴ In the 2005 Manifesto, the following references were made of India: 'India is expected to be a nucleus of Asian economic development in the 21st century along with Japan, China, ROK, and ASEAN. It projects a unique charisma not only as an economic, demographic, and cultural/ philosophical giant but also as a huge democracy. Establishing and maintaining a close relationship, including strategic, with this India will be in the national interests of Japan and will expand Japan's diplomatic options.' 'The East Asian Community should never become an exclusive institution. India, Australia, and New Zealand will be important partners when building a full-scale East Asian Community.' 'DPJ Manifesto for the 2005 House of Representatives Election', 30 August, 2005,

http://www.dpj.or.jp/english/manifesto5/pdf/manifesto_05.pdf (Accessed on 12/09/09)

⁵⁵ B Raman, 'Hatoyama as Japanese PM: Implications for India', *South Asia Analysis*, Paper no. 3381, 31 August 2009, <http://www.southasiaanalysis.org/%5Cpapers34%5Cpaper3381.html> (Accessed on 03/09/09)

⁵⁶ Rajaram Panda, 'India and Japan: Strengthening Defence Cooperation', *IDSAs Comment*, December 22, 2009,

http://www.idsa.in/idsacomments/IndiaandJapanStrengtheningDefenceCooperation_rpanda_221209 (Accessed on 28/12/09)

⁵⁷ Author's interview with Y. Teddy Takeuchi, *Journalist, Asahi Shimbun, Former Delhi Bureau Chief 2000-04* 26 May 2010

⁵⁸ Author's interview with Michael Green, *Senior Advisor and Japan Chair, CSIS, Washington DC*, 11 July 2011 (via telephone)

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the ‘problems facing Japan and the world today’.⁵⁹ There were also reports of Hatoyama’s wife sympathising with the late-guru Sai Baba, a spiritual leader based near Bangalore.⁶⁰

In the first months of his premiership Hatoyama made no public reference to India as being among the ‘Asian ties’ his government sought to strengthen, referring to Australia as the strongest bilateral prospect.⁶¹ Hatoyama was also consumed by the Futenma relocation issue and as his political weight declined, so too did his ability to shape policy.⁶² For diplomats, however, it was ‘lucky that Hatoyama liked India’ so policy did not have to change.

vii. *Kan Naoto, 2010-11*

Kan knew little of India when he assumed the premiership following Hatoyama’s resignation in June 2010. Despite domestic hopes that Kan, former Health and Welfare Minister as well as the son of a salaryman would prove more successful at defending urban voters, foreign observers were concerned by his domestic focus and identity as an ‘NGO man’ rather than one interested in business or diplomacy.⁶³ The fact that he was

⁵⁹ Further references to Gandhi were made throughout the speech. ‘Mahatma’s teachings echo in Japanese Parliament,’ *The Hindu*, 2 February 2010, <http://www.thehindu.com/news/national/article98837.ece> (Accessed on 03/08/10)

⁶⁰ Author’s interview with Takeuchi

⁶¹ Prime Minister Kevin Rudd and Hatoyama were believed to share some strategic and political beliefs. According to Peter Drysdale, Hatoyama and Rudd share a ‘conservative social democratic view of the world’. Kede Lawson, ‘Hatoyama good for Australia ties: experts’, *Japan Time*, 16 September, 2009, <http://search.japantimes.co.jp/cgi-bin/nn20090916a4.html> (Accessed on 10/09/09); ‘Defense pact with Australia eyed’, *Japan Times*, 21 September, 2009, <http://search.japantimes.co.jp/cgi-bin/nn20090921a1.html> (Accessed on 21/09/09)

⁶² Author’s interview with Tadashi Ogawa, *Managing Director, Center for Global Partnership, Japan Foundation, Former Director of Delhi Office* 20 May 2010

⁶³ Author’s interview with Masanori Kondo, *Senior Associate Professor, International Christian University* 17 May 2010, 23 June 2010

untainted by the Futenma crisis, however, was seen as an asset.⁶⁴ Kan had visited India but few expected the country to be a diplomatic priority and indeed whilst in office, India policy was delegated to a greater extent to MOFA and METI.

IV. The Diet and Political Parties

The Japanese Diet, modelled on the UK Westminster system, consists of two houses; the House of Representatives (lower house) and the House of Councillors (upper house). Article 41 of the Constitution defines the Diet as ‘the highest organ of state power’ and ‘sole law-making organ of the State’ yet in reality its role in initiating policy is passive and confined to deliberating Cabinet proposals. Politicians are motivated by securing their position through re-election and maintaining a flow of financial donations thus distorting their interest in foreign affairs. As will be seen during this study, politicians have paid scant attention to India’s strategic value holding back progress. Unlike China-policy where factions (*habatsu*) and policy tribes (*zoku*) influence the government’s approach, India has yet to acquire the concerted attention of Japanese politicians.

The dominance of the LDP through the majority of Japan’s post-war history explains to some extent the weakness of the Diet as a multi-party body from passing legislation.⁶⁵

The LDP was founded in 1955 as a result of a merger between the conservative Liberal Party and Democratic Party. The LDP platform has changed little over five decades,

⁶⁴ Author’s interview with Murata

⁶⁵ Haruhiro Fukui, ‘Bureaucratic power in Japan’, P. Drysdale and Kitaoji eds., *Japan and Australia: two societies and their interaction*, (Canberra; Australian National University Press, 1981), p. 286. The reality is that for most politicians, foreign policy is a ‘second- or third-order priority.’ Green, *Japan’s Reluctant Realism*, p. 6

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relying on the ‘single formula of economic growth and alignment with the US’⁶⁶ challenged only briefly between 1993 and 1995. From 2000 the LDP was forced to enter a coalition with the Buddhist-influence New Komeito Party which brought additional influences.

Opposition parties have occasionally been able to exert their view in the realm of foreign policy. One example related to this study has been the Social Democratic Party of Japan (SDPJ) regarding nuclear policy, discussed in Chapter 7.⁶⁷ Yet issues of foreign policy rarely represent the most significant divide between political parties. The majority support relations with the US, unsurprisingly except the Japan Communist Party⁶⁸ but differences that exist in the nuances of detail have the potential to shape policy.

The DPJ,⁶⁹ in power since August 2009, share several attitudes with the LDP. According to their ‘Basic Policy’ the Japan-US Treaty is placed ‘at the center of our national security policy’⁷⁰ but the associated desire to form ‘a more mature relationship with the US’ has strained relations. The DPJ opposed the Iraq war and stationing of US troops on Japanese bases and campaigned on ending the MSDF refuelling mission in the Indian Ocean, completed in 2010.

⁶⁶ Green, *Japan’s Reluctant Realism*, p. 36

⁶⁷ The future of the Futenma airbase and role of Japan’s Coastguard were another two issues.

⁶⁸ The now defunct Liberal Party (*Jiyuutoo*) called for a more assertive foreign policy as well as active Japanese participation in UN peacekeeping, including the potential use of force. Members were also in favour of constitutional revision.

⁶⁹ The DPJ was formed in 1996, then expanded in March 1998 to include defectors from Ozawa’s New Frontier party and former members of the Social Democratic Party of Japan, the Democratic Socialist Party, the Harbinger Party and Hosokawa Morihiro’s Japan New Party. On a social-democratic platform, the DPJ had 93 members in the House of Representatives and 38 in the House of Councillors. In 2003, under the presidency of Naoto Kan) and with Tsutomu Hata as Secretary General, further expansion was implemented, merging with the centre-right Liberal Party of Ichiro Ozawa.

⁷⁰ ‘Basic Policies’, *DPJ*, (April, 2008), <http://www.dpj.or.jp/english/policy/basic.html>

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The existence of political tribes within parties (*zoku*) is predominantly associated with domestic issues such as commerce, fisheries and agriculture where expertise in a policy area is used as a bridge between government and ministries.⁷¹ In the realm of external affairs there have, however, been an increasing number of *gaiko-zoku* (diplomatic tribe/caucuses) and Diet members' leagues (*giin renmei*), consisting of politicians interested in particular bilateral relationships. A bipartisan Parliamentary League on India has existed under both LDP and DPJ administrations with Prime Ministers Abe, Fukuda and Aso all members. An Indo-Japan Parliamentary Forum based in Delhi was launched when Koizumi visited in 2005 but has been relatively inactive since 2006.⁷²

i. *The DPJ's views of India*

The DPJ came to power in 2009 promising to create a 'politician-led government', curb the power of bureaucrats and shift diplomacy away from LDP practices.⁷³ Despite progress in the former objectives, structural realities have brought the DPJ to the same ground as the LDP. As one Director at MOFA describes, 'gradual realism has forced politicians to appreciate that the environment has and will not change so it must be them who adapts around it'.⁷⁴ Structure is thus paramount and intervening variables such as politicians are secondary influences.

Japan's bureaucracy is often considered to hold primary expertise in foreign affairs.

However the ability of this knowledge to influence policy depends on political will. The

⁷¹ Green, *Japan's Reluctant Realism*, p. 48; Miyagi, *Japan's Middle East Security Policy*, p. 73

⁷² The website for the Forum for example, has for many years contained pages 'under construction'.
<http://www.ijfp.net/index.htm>

⁷³ In May 2010 for example it was announced bureaucratic recruitment would fall by 39% in 2011. 'Civil service recruits slashed 39%', *Japan Times*, 22 May 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100522a6.html> (Accessed on 22/05/10)

⁷⁴ Author's interview with Nobukatsu Kanehara, *Deputy Director-General, European Affairs Bureau, MOFA*, 24 June 2010

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bureaucracy continues to rely on politicians and the *Kantei* to make key decisions.⁷⁵ According to Kawai, former Deputy Vice Minister of Finance for International Affairs, leaders are responsible for deciding on which issues to concentrate. Indeed the overwhelming majority questioned, consider political leadership to be essential for the success of any foreign policy initiative. As one official notes, ‘there’s only so much bureaucrats can do. They can only prepare and make recommendations...the bureaucracy need to ensure politicians are comfortable with India’.⁷⁶

There is no consensus on the role of domestic politics on Japanese policymaking with some suggesting it is decisive, whilst others claim it to be ‘an illusion’. Yet in the case of Japan’s India relations it is clear that lack of political interest limits the mileage of relations. On the whole, unlike relations with China, the US or even Taiwan, India has yet to capture the imagination of Japanese politicians despite bureaucratic enthusiasm. When politicians have supported closer ties, efforts have accelerated but since policy relies primarily on structure, this does not automatically result in success.

When the DPJ came to power, the Indian elite community feared Japan would act aloof towards India.⁷⁷ Soon after the election India sent Shyam Saran as a special envoy to ensure relations continued. The party itself was feared less enthusiastic about the relationship than their predecessor. For the DPJ, India has certainly not been a priority

⁷⁵ Author’s interview with senior official, *Policy Planning and International Security Division*

⁷⁶ Author’s interview with senior official, *Southwest Asia Division, MOFA*, 24 June 2010. This official became Director of the Southwest Asia Division in June 2010 and at the time of interview, had only spent one day in India. However, this official had previously worked on Non-Proliferation, the NPT Review process and AfPak strategy.

⁷⁷ Author’s interview with Makiko Takita, *New Delhi Bureau Chief, Sankei Shimbun*, 7 March 2011

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but policy has remained constant, described by one senior Indian diplomat in Tokyo as a ‘seamless transition’.⁷⁸

The DPJ have, however, taken a more pragmatic approach to India. Rather than focusing on political goals such as the ‘values-driven diplomacy’ of Abe, the DPJ have shown greater interest in economics and energy policy.⁷⁹ According to DPJ staff, ‘inclination towards India is still there but LDP terms have been dropped’. Regarding foreign policy they claim to be ‘realistic and practical’, seeking in the short term to concentrate on putting relations with the US ‘back on track’. Other observers and practitioners echo this assessment, believing the DPJ to use alternative ‘diplomatic tools’⁸⁰ whilst retaining the ‘basic tone’ of policy.⁸¹ In fact capitalising on the progress made under the LDP, one senior Japanese diplomat believes the DPJ can claim greater success, certainly in terms of ‘deliverables’ such as nuclear cooperation talks and the conclusion of CEPA. ‘More action, less talk’ has thus benefited the relationship.

A number of relatively influential politicians have furthermore shown open interest in India. Haraguchi Kazuhiro, Minister for Internal affairs and Communications argued for greater renewable energy cooperation for example (January 2010) and Ishiba Shigeru, Minister of Defense paid several visits to India.

When high-ranking politicians shift their policy portfolios there is likely some change in priorities. For example whilst Foreign Minister Okada had many ties with NGOs, when

⁷⁸ Author’s interview with senior official, *Embassy of India, Tokyo* 22 June 2010. This official is a China specialist who worked in Beijing as DHM before coming to Tokyo. Interestingly, this diplomat speaks Chinese but not Japanese.

⁷⁹ Author’s interview with Kenji Sasaki, *Deputy Secretary, DPJ and Special Researcher, Cabinet Secretariat, GOJ* and Yuka Uchida, *Assistant General Manager, International Department, DPJ*, 28 June 2010

⁸⁰ Author’s interview with senior official, *Embassy of Japan, Delhi*, 28 February 2011

⁸¹ *Ibid.*

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he was replaced with Maehara who had previously served as Minister for Transport, a more private-sector view of ODA prevailed.⁸² He was also described as a pragmatic rather than an ideological hawk. In opposition, Okada was vocally severe towards India, repeatedly asking how the NSG Deal could be justified whilst India remained a non-NPT member.

Interviewees believe that whilst the DPJ showed itself ambitious in its early months, domestic issues remain the focus, especially following the Great East Japan Earthquake. Whilst Abe with an improved economic record in Japan was able to launch grand strategies, the DPJ had other priorities. Without political leadership the relationship cannot be politically-driven but this does not mean relations are static. In fact without the ‘politics’ the relationship has been able to focus on more tangible issues such as trade and investment without paying unnecessary attention to rhetoric. This point will be evidenced in Chapter 6 and 8. Whilst domestic constraints can delay security strategy, they cannot ultimately prevent a response in line with the structural environment.

V. Bureaucracy

Japan’s bureaucracy is widely considered the third pillar in Japan’s ‘tripod system’ of power elites. Whilst Japan has historically ‘suffered from third-rate politicians’, it has ‘benefited from first-rate bureaucrats’.⁸³

⁸² Author’s interview with Hiroshi Suzuki, *Senior Representative, Japan International Cooperation Agency (JICA), New Delhi, 21 February 2011*

⁸³ Green, *Japan’s Reluctant Realism*, p. 56

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Japan has long been run by bureaucrats, even in the Tokugawa era and the US Occupation had a minimal impact. As noted above, the Japanese Constitution entrusts the Cabinet with foreign policy power but due to the often short-termism of Cabinet ministers their influence is nominal.⁸⁴ The consequence of this being ‘Politicians reign, but bureaucrats rule’.⁸⁵ According to Emmott, ‘politicians did not matter much at all in Japan’ until the financial crash of 1990. The ‘genius of the Japanese system’ was seen in the fact that ‘the politicians let the real experts – bureaucrats – run the country’.⁸⁶ This system started to fray as reforms strengthened the Prime Minister’s office and the public grew critical of such practices as *amakudari* (‘descent from heaven’) which gave lucrative post-career posts to retiring bureaucrats. Scandals such as the loss of pension records and economic instability also damaged the reputation of bureaucrats. Most bureaucrats questioned, however, said the DPJ transition had been relatively smooth though some worry about the long-term impact of the ‘witch-hunt’ on civil servants.⁸⁷ Furthermore, according to a former Director in MOFA, policy decisions on India rarely have to pass the *Kantei*. This was less the case under Abe who took a personal lead on India as noted above.

Providing policy-relevant information and professional expertise is the greatest contribution made by ministries. Members of the *Kantei*, however, often see MOFA information to lack political perspective, be overly-detailed and focus on positive relations rather than highlight weaknesses. Whilst occasionally relations are

⁸⁴ Shinoda notes how the limited decision-making function of the Cabinet has been taken as evidence of ‘bureaucratic supremacy.’ Shinoda, *Koizumi Diplomacy*, p. 66

⁸⁵ Chalmers Johnson, ‘The People Who Invented the Mechanical Nightingale’, *Daedalus*, Vol. 119, No. 3 (Summer, 1990), p. 71

⁸⁶ Bill Emmott, *Rivals: How the Power Struggle Between China, India and Japan will Shape Out Next Decade*, (London: Allen Lane, 2008), p. 88

⁸⁷ Author’s interview with two junior MOFA officials, Southwest Asia Division, Tokyo, 19 May 2010

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antagonistic, in many cases politicians and bureaucrats collaborate on what is feasible as well as politically expedient.⁸⁸

A lack of unity within the bureaucracy, however, has limited its effectiveness as a policy-maker. As noted above, reforms from the 1990s onwards concentrated greater policymaking powers in the Prime Minister and ruling party. To a large extent this was at the expense of the bureaucracy who throughout Japan's post-war period had exercised considerable control. Bureaucrats have also been stung by recent political realignments which have occasionally forced officials to either negotiate around unstable new coalitions or risk being 'purged' for their allegiance to a previous regime.⁸⁹ The bureaucracy is therefore considered a 'subordinate actor'.⁹⁰ This study will demonstrate, however, that MOFA and METI in particular have played essential roles in developing relations with India.

Within the bureaucracy it is assumed that several opinions exist, in line with the Allison's 'bureaucratic politics' model, which contends that foreign policy is shaped by often competing values and perceptions within the domestic policymaking community.⁹¹ This occurs in most foreign ministries as 'functionalists' and 'generalists'

⁸⁸ One example of this was in April 2010 when Hatoyama gave a speech at the Washington Nuclear Security Summit which included reference to nuclear proliferation and disarmament as well as the peaceful use of nuclear energy. This was achieved through careful wording by METI officials, keen to sell Japan's technology for financial reasons as well as not upsetting the US whilst also cautious of potential opposition from the Social Democrats, then in coalition with the DPJ. 'Political hazards follow the dissenting of bureaucrats', *Sentaku Magazine, Japan Times*, 17 May 2010, <http://search.japantimes.co.jp/cgi-bin/ea20100517a1.html> (Accessed on 17/05/10)

⁸⁹ In 1994, a senior MITI official Naito Mashisa was forced to resign by the Hosokawa cabinet for being too loyal to politicians of the previous LDP regime. Green, *Japan's Reluctant Realism*, p. 57

⁹⁰ Terada, 'The Origins of ASEAN+6: Japan's Initiatives and the Agent-Structure Framework' p. 9

⁹¹ Allison's argument contends that by using the case study of US superpower behaviour during the Cuban Missile Crisis in 1962, one can appreciate how ministries and other bureaucracies 'pursue at best their own versions of the national interest and at worst their own parochial concerns, so that foreign policymaking becomes an inward-looking battleground in which decisions are produced by horse-trading more than logic' Christopher Hill, *The Changing Politics of Foreign Policy*, (London: Palgrave Macmillan, 2002), p. 85

vie for influence. Since there is no fixed national interest, attitudes are liable to fluctuate. Ultimately policymaking is a process of conflict and consensus-building where changing conditions and importantly, perceptions of conditions as NCR highlights, act as key determinants in the formation of policy.

i. *The Ministry of Foreign Affairs*

The most influential role in managing Japan's foreign and security policy is played by the Ministry of Foreign Affairs (MOFA).⁹² Whilst an increasing number of politicians have become interested in international affairs, this does not always equate to sufficient understanding. Here is where the foreign ministry plays a crucial role dedicating its service to country-specific as well as strategic international perspectives. Diplomats describe their role as placing before politicians the pros and cons of policy options, tuning their arguments to the domestic impact.⁹³ Unless national norms are compromised, MOFA recommendations generally receive *de facto* approval from politicians.

During the Cold War the North American Affairs Bureau took the lead in almost all areas of security strategy. The US alliance dominated policy, often to the extent that

⁹² Japan's Foreign Ministry, consists of fifteen bureaux apart from the Ministerial Secretariat: six regional bureaux (Asian and Oceania, North American, Latin American and Caribbean, European, Southeast and Southwest Asian and Middle Eastern/African), Public Diplomacy, Foreign Policy, Disarmament, Non-proliferation and Science Department, Economics, International Cooperation, International Legal Affairs, Consular Affairs, Intelligence and Analysis Service and Foreign Service Training Institute.
<http://www.mofa.go.jp/about/hq/org.html>

⁹³ Author's interview with two junior MOFA officials, Southwest Asia Division, 19 May 2010

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critics labelled the Ministry ‘the Asian Branch of the State Department’ or ‘the State Department’s annex at Kasumigaseki’.⁹⁴

Assigning a ‘belief’ or ‘attitude’ to a government agency is problematic but some trends can be identified. The US alliance continues to dominate discussions, particularly after the Futenma debate which consumed bureaucrats’ attention for much of 2009/10. The influence of the so-called ‘China School’⁹⁵ is also a significant factor. These diplomats, educated or trained in China are supportive of policies favourable to Beijing. As Kaneko argues, they envisage a regional structure resembling an equilateral triangle between Japan, China and the US whereas the majority of the Japanese government advocates a more isosceles-like structure which sees Japan and the US at less of a distance. With no rival ‘India School’, MOFA has been ‘largely ambivalent to India’s rise’.⁹⁶ Instability in Pakistan and civil war in Sri Lanka have also occupied the minds of officials assigned to the region. As Tanaka Hitoshi, former Deputy Minister for Foreign Affairs admits, for several years he was unsure where to place India in Japanese strategy. Only after India’s economic rise was secured and China and the US drew India into Japan’s strategic radar, the business community and MOFA began to show similar interest. As one *Mainichi* reporter described, the ‘bureaucracy is now riding’ on India’s popularity.⁹⁷

⁹⁴ Indian diplomats also took this view during this year; Former Ambassador Sahdev notes that during his tenure, Japan’s foreign policy originated from the ‘Second Secretary in Washington’. Author’s interview with Sahdev.

⁹⁵ The China Division now also includes Mongolia, Taiwan and Hong Kong but the majority of work focuses on mainland China. Author’s interview with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010

⁹⁶ In addition, MOFA, like almost all government bodies, is also suffering from budgetary cuts which strain ability to expand. Author’s interview with two junior MOFA officials, *Southwest Asia Division, Tokyo*, 19 May 2010

⁹⁷ Author’s interview with Naoya Sugio, *Correspondent in Chief, Mainichi Shimbun*, New Delhi, 11 March 2011

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In the past half-decade MOFA has slowly come to appreciate the strategic importance of India.⁹⁸ This realisation was evident in 2010 when further reforms to MOFA's organisation were announced by Okada to take account for shifts in global power. Okada mooted plans to create an 'Emerging Countries Bureau' and transfer diplomats from posts in the developed world to new hubs of activities such as India, South Africa and Brazil.⁹⁹

ii. *The Southwest Asian Affairs Department*

MOFA is not just one unified body, but an amalgamation of departments with differing ideological tendencies. In previous years the Southwest Asian Affairs Department, created in 1958 following Nehru's visit to Japan, was considered one of the least important. An official interviewed, who worked in the Division in the 1990s, recalls the department being 'very quiet', overseeing few VIP visits. However by 2005 interest in India was growing as could be seen in Foreign Minister Aso's decision to appoint a Director General solely for South and Southeast Asia rather than one who also oversaw China.¹⁰⁰

Currently approximately twenty staff, including administrative support, make-up the Division. The Division oversees seven countries in the region including the activities of

⁹⁸ Author's interview with senior official, *Embassy of Japan, New Delhi*, 17 February 2011

⁹⁹ Joel Ratus, 'Japan's Foreign Ministry reforms: Shifting priorities?' *East Asia Forum*, 4 September, 2010, <http://www.eastasiaforum.org/2010/09/04/japans-foreign-ministry-reforms-shifting-priorities/> (Accessed on 04/09/10)

¹⁰⁰ Author's interview with senior official, *Policy Planning and International Security Division*. There are, however, still two Southeast Asia Divisions as opposed to just one for Southwest Asia. In 2006 there were rumours Japan would create a South Asia Department, after President Bush merged the South and Central Asian Affairs bureaus but this did not materialise. Monir Hossain Moni, 'Japan and South Asia: Toward a Strengthened Economic Cooperation', *Asia-Pacific Social Science Review*, Vol. 7, No. 1, (2007) http://www.dlsu.edu.ph/research/journals/apssr/pdf/200706/1_moni.pdf, p. 19 (Accessed on 09/10/09)

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SAARC but according to the former Director of the Division, 80% of time is devoted to India. Two individuals hold responsibility for Pakistan whilst five look at India. This is, however, just bilateral relations and other departments are charged with covering issues such as non-proliferation. Pro-Pakistan elements exist within the Ministry which complicate some more pro-India initiatives¹⁰¹ but according to officials, priority is now given to relations with India.

By merely assessing the calibre of appointments to the Division, one can see the increased attention given relations. For example the greater importance of India was evident in 2011 when Saiki Akitata was posted as Tokyo's new Ambassador. For many years India was considered a 'punishment posting'¹⁰² but Saiki is well-regarded in Japan as former Director General for the Asian and Oceanian Affairs Bureau and as someone who led on the Six-Party Talks.¹⁰³ His appointment was also welcomed by the strategic community in Delhi who recognize Saiki as one of Japan's 'rising stars'.¹⁰⁴ Furthermore Indian diplomats appreciate the new Ambassador not being at the end of his career. Ms Yoshida, Counselor at the Embassy of Japan, Delhi is also high-ranking. Whilst officials therefore believe the Division to remain 'marginalised' by some,¹⁰⁵ they also admit growing recognition from senior-level officials.

¹⁰¹ According to former Ambassador Hirabayashi, this is in part due to the Japanese tendency to sympathise with the weaker side and greater congruence in diplomatic styles, for example Pakistani diplomats have been noted as demanding a lower profile than others in the region. Hirabayashi notes for example that India behaves like a 'great power' whilst Pakistan is more humble. Author's interview with Hirabayashi

¹⁰² Author's interview with Kondo

¹⁰³ Saiki has also previously served as Private Secretary to Foreign Minister Obuchi and Deputy Chief of Mission to the Embassy of Japan in the US. Saiki's father was also a senior diplomat in India during the late-1960s.

¹⁰⁴ Author's interview with Senior Indian MEA official

¹⁰⁵ During his 2007 visit, Abe apparently found it difficult to find someone from Japan who could speak Hindi to the standard he required. His grandfather had experienced a similar problem and insisted on using a translator to demonstrate his good feelings towards the Indian people. Author's interview with Abe.

iii. *The Ministry of Economy, Trade and Industry*

METI¹⁰⁶ has become increasingly active in Japanese international affairs. Whilst primarily a domestically-orientated ministry, the oil crises of the 1970s alerted officials to the dramatic implications of external events. Bureaucrats began to consider issues previously left to MOFA and the Defense Agency. Today METI's remit covers trade, industrial, commercial, small business and technology policy. Within the ministry, the International Trade Administration Bureau¹⁰⁷ and International Trade Policy Bureau¹⁰⁸ are most involved in foreign policy.

Whilst the briefs of METI and MOFA differ in several fundamental respects, they share the core purpose of promoting and defending Japanese interests. This has not prevented, however, 'turf' battles and 'territorial' disputes.¹⁰⁹ Two prominent examples include MITI's strong support for the establishment of APEC in 1989 in contrast to MOFA's reticence that such a move would alienate relations with the US.¹¹⁰ Proposals for an ASEAN+6 strategy as opposed to ASEAN+3 (which implicitly gave greater bargaining power to China) also split opinion.¹¹¹ However, as will be demonstrated in the case of India the two ministries have found remarkable congruence of opinion. METI was the

¹⁰⁶ Formerly known as the Ministry of International Trade and Industry before the 2001 governmental reforms. Several onlookers consider the change in name to highlight the ministry's greater policy-influence ambitions.

¹⁰⁷ Responsible for trade insurance, foreign exchange, and import/export promotion

¹⁰⁸ Responsible for international trade negotiations and World Trade Organisation, G8 and APEC policy

¹⁰⁹ Tensions with the Ministry of Finance and Ministry of Agriculture (particularly over trade liberalisation) have also hampered the cohesion of Japanese policymaking.

¹¹⁰ Terada, 'The Origins of ASEAN+6: Japan's Initiatives and the Agent-Structure Framework', p. 9

¹¹¹ As Terada has discovered, when METI announced the initiative for regional integration in April 2006, it did not consult MOFA, which 'did not conceal its dissatisfaction with the way which its rival ministry treated [them]' (*Asahi Shimbun*, 28 July 2006). According to Terada, the basis for their differences lies in METI's desire to create a single market in East Asia whilst MOFA considers the grouping as a political body similar the East Asia Summit.

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first ministry to truly appreciate India's value and has since been the most enthusiastic.¹¹²

Opinion of METI's effectiveness is however mixed, for example they have been accused of struggling to find a role for themselves. As of 2010 METI still only held five individuals with direct responsibility for India¹¹³ and the fact remains that policymaking ability is tempered by hierarchy within Japan's bureaucracy. Both METI and affiliated-JETRO, appreciate for example the impossibility of moving forward on a nuclear energy deal with India (discussed in Chapter 7) without MOFA.¹¹⁴ Yet METI's role; advising Japanese companies on how and where to invest in India, has proved particularly useful.

iv. *The Ministry of Finance*

The Ministry of Finance (MOF) holds considerable influence over Japanese administration. As Green identifies, MOF's control over the nation's budget acts as a 'carrot' whilst its tax bureau plays the role of the 'stick'.¹¹⁵ Former MOF officials are often more numerous in the Diet than those from other ministries, demonstrating the importance of finance to Japan.

¹¹² Author's interview with Rinichiro Nagasawa, *New Delhi Bureau Chief, Nikkei Shimbun*, 1 March 2011

¹¹³ Author's interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010. This official is also an India specialist who worked in Delhi between 2003 and 2008 and is currently working in Delhi at JETRO.

¹¹⁴ Author's interviews with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010

¹¹⁵ The reputation of the ministry suffered with the death of the 1955 system, encouraging whisperings of 'Ministry of Failure'.

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For the majority of the ministry's history, the objective was to achieve a balanced budget or surplus.¹¹⁶ Most of MOF attention is channelled towards domestic issues with foreign influence is limited to the International Finance Bureau, which concentrates on securing Japan a greater role in international financial institutions and stability in currency exchange markets.¹¹⁷ However, even within this division, interest in India has been slow to emerge. Kawai for example noted that there was 'almost no' interest in India in the ministry during his tenure; India 'never came onto the radar'. India's significance is thus not shared equally across Japan's bureaucracy.

v. *The Ministry of Defense*

For most of Japan's post-war history, the then 'Japan Defence Agency' and Self-Defense Forces have been institutionally disadvantaged by the Constitutional mandate, which restricts Japan's military to civilian control.¹¹⁸ Until January 2007, the Director General's title was relegated to 'Minister of State' rather than 'Minister of Defense' with only 'nominal' membership of the Cabinet.¹¹⁹

The scale and sophistication of Japan's military, and particularly naval capabilities, has long been a source of pride for Japan. Following growing speculation and debate over the incrementally advancing influence of the JDA on Japan's foreign policymaking

¹¹⁶ Emmott, 'The Economic Sources of Japan's Foreign Policy,' p. 53

¹¹⁷ Mochizuki also appreciates the role of MOF in the allocation of Official Development Assistance (ODA) and the Defence Budget. The former became particularly politicised following the Tiananmen Square incident in 1989 which challenged Japan's policy towards providing ODA to China. Mochizuki, Mike M., 'China-Japan Relations,' David Shambaugh, ed., *Power Shift: China and Asia's New Dynamics* (California: University of California Press, 2005), pp. 135-150

¹¹⁸ Miyagi, *Japan's Middle East Security Policy*, p. 75

¹¹⁹ The post of Director General of the Defence Agency has long been considered a rather minor post for a fairly inexperienced middle-level politician. Calder equates this role to Head of the Economic Planning or Environmental Protection Agencies. Kent Calder, 'The Institutions of Japanese Foreign Policy', in Richard Grant ed., *The Process of Japanese Foreign Policy*, (Princeton: Princeton University Press), pp. 1-24

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process¹²⁰ and with Abe as Prime Minister, a bill was passed on December 15, 2006 upgrading the JDA to a Cabinet-level ministry on January 9 2007. The Minister of Defense (MOD) is now empowered to ‘react more rapidly and accurately to diverse emergency situations as the exclusive minister in charge of national defence’.¹²¹ Japan’s ability to respond to crises has also been strengthened, as was seen in March 2011 following the earthquake and tsunami in Tohoku.¹²² In 2009 the MOD oversaw an annual budget of almost \$50bn and close to 240 000 military personnel and is considered to be strengthening its foreign policy influence.¹²³

Uncomfortable memories and suspicion of militarism among the public, however, continue to relegate the Ministry from exerting similar influence to other militarily-advanced states. Public acceptance of SDF activities is low so that according to one military scholar, the Ministry is the least popular to join. When Koizumi decided in 2002 to send non-combat troops into Iraq, the MOD faced severe press and public criticism. Within the bureaucracy unease with the MOD also exists. According to two scholars, ‘MOFA doesn’t like the military’ but ‘they know they need it foreign policy’.¹²⁴

¹²⁰ The utility of Japan’s forces in disaster relief following the 2004 tsunami, dealing with North Korea’s increasingly hostile activities and growing concerns for maritime security led many to believe that the JDA had already elevated itself into a *de facto* military.

¹²¹ The Minister is assisted by a senior vice minister, two parliamentary secretaries, an administrative vice minister, eight directors-general, chief of staff of the joint staff office and three branch chiefs of staff. In addition whereas previously, according to Izuyama, the Policy Directorate in all-but-name only really dealt with US-Japan relations whilst the International Planning Directorate oversaw all other relations since ‘Defence Policy’ used to equate to solely this alliance, today other partners are considered. Author’s interview with Marie Izuyama, *Chief 6th Research Office, National Institute for Defense Studies* 13 May 2010

¹²² ‘Special Feature: The Defence Agency's Transition to the Ministry of Defence’, *Japan Defence Focus*, Japan Ministry of Defence, No. 4, 2007, <http://www.mod.go.jp/e/jdf/no04/special.html> Other amendments upgraded international peace-keeping activities to ‘primary missions of the SDF’ in consultation with the Security Council.

¹²³ Author’s interview with Alessio Patalano, *Lecturer, Japanese Military and Naval Policy, King’s College London* 21 April 2010

¹²⁴ Author’s interview with Takehisa Imaizumi, *Advisor, Ocean Policy Research Foundation* 22 June 2010. An example of MOFA oversight over the Ministry can be seen in the fact that Defence Attaches affiliated to embassies are seconded from the MoD but report to MOFA. Author’s interview with

Yet following the growth of the Chinese military, this mood has begun to gradually change. Greater incremental respect has also been witnessed following the ‘triple-disaster’ of March 11, which saw Japan’s SDF deployed in their largest peacetime operation. Images of 100 000 SDF troops (40% of the total) mobilising to assist in the massive disaster relief operation with American allies through ‘Operation Tomodachi’ softened some previous ambivalence.¹²⁵ As will be seen in detail in Chapter 8, the ‘military’, particularly Japan’s Maritime Self Defense Forces have been among the earliest and keenest to deepen ties with India.

VI. Business community

As might be expected from an economy heavily reliant on external trade, the Japanese business community have played an important role in foreign relations as non-state actors. Johnson has noted that the term ‘private sector’ is slightly misleading in Japan since the boundaries of public and private are less clear-cut but nevertheless the ‘*zaikai*’ or business world represent a noteworthy actor. The *zaikai* consists of the Japan Business Federation (*Nippon Keidanren*),¹²⁶ the Japan Association of Corporate Executives and the Japan Chamber of Commerce. Among these, the Keidanren with 1,609 members of which 1,295 are companies, 129 industrial associations, and 47 regional economic organisations¹²⁷ sits at the ‘high temple’ playing the largest role in

Izuyama. The Ministry’s reputation also suffered in 2009 when former Air Self-Defense Force Chief of Staff, General Tamogami attempted to give officers history classes that criticised Japan’s current civilian control.

¹²⁵ Michael Auslin, ‘Japan Learns to Accept the Military’, *Wall Street Journal*, 15 April, 2011

¹²⁶ Prior to a merger in May 2002, the Keidanren also included the Japan Federation of Employees’ Association (*Nikkeiren*) <http://www.keidanren.or.jp/english/profile/pro001.html> (Accessed on 02/02/10)

¹²⁷ Official figures as of May 28, 2009 Ibid.

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foreign policy.¹²⁸ This group is far from monolithic but generally promotes open, free trade whilst seeking to expand Japanese firms' presence in the world market, primarily through exports and FDI.¹²⁹

The election of the DPJ in 2009 was thought to adjust the *zaikai* influence over policy. According to *The Economist* in 2007 the LDP received \$30m from this lobby whilst the DPJ was granted only \$1m.¹³⁰ Yet despite the initial ideological differences, for example the different weight given to social spending over corporate interests, the two have begun to work closer together. Industry and politicians have a more direct route in the US and India but relations are still strong.

The role of business organisations will be considered an especially significant aspect of Japan's foreign policy towards India.¹³¹ Economic trading ties between the two governments predated and could even be argued to surpass, the emergence of strategic interests currently in development.

VII. Mass Media

Mass media has the potential in most societies to not only inform and educate the domestic population through distributing news but also shape public opinion. In Japan

¹²⁸ Green, *Japan's Reluctant Realism*, p. 65

¹²⁹ Emmott, 'The Economic Sources of Japan's Foreign Policy,' p. 55

¹³⁰ 'Business in Japan under the DPJ', *The Economist*, 3 September 2009, <http://www.economist.com/node/14376289> (Accessed on 04/09/09)

¹³¹ According to Kondo, the Tokyo Chamber of Commerce and Industry and Keidanren had previously divided areas between them, so that the Keidanren kept the majority of the seemingly profitable economies whilst the ToC was left with India, Sri Lanka, Egypt etc. Now India's economy has blossomed, ToC are keen not to lose control over this asset. Author's interview with Kondo

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the industry has often been considered the ‘fourth authority.’¹³² As Campbell notes, whilst it is difficult to measure the impact of the media on specific policy outcomes, for many policymakers media opinion is considered a ‘surrogate for public opinion’.¹³³

Japan enjoys a per capita readership, which by a substantial margin, is one of the highest in the world, with each household receiving 0.95 newspapers by 2009 (down from 1.15 a decade earlier).¹³⁴ *Yomiuri* alone has a circulation of approximately 10m. Readership is furthermore not limited to one provider with many government employees in particular reading up to three newspapers a day.¹³⁵

Broad ideological identities can be recognised in the major broadsheets with *Yomiuri*, *Nikkei* and *Sankei* supporting the US-Japan alliance whilst the *Asahi*¹³⁶ and *Mainichi* have been more critical and anti-establishment, calling for a reduction of Japan’s SDF and opposition the revision of Article 9.¹³⁷

¹³² S. Pharr and E. Krauss, ‘Media and Policy Change in Japan’, John Campbell (ed.), *Media and Politics in Japan* (Hawaii; University of Hawaii, 1996), p. 187

¹³³ J. Campbell in Shinoda, *Koizumi Diplomacy*, p. 13

¹³⁴ Annual survey by NSK’s Circulation and Newsprint Section (October 2009)

¹³⁵ Japan is also characterised by the concentration of its mass media. Broadcasting networks and national newspapers often form powerful conglomerates.

¹³⁶ According to Green, however, within the *Asahi* there remains ‘an intense battle’ between the realists on the political and economic desks and idealists in the city and Kansai section, with the realists currently holding the edge Green, *Japan’s Reluctant Realism*, p. 69. According to Kaneko, during the 1920s and 1930s and prior the Pacific War, the *Asahi Shimbun* was in fact nationalist but following the end of hostilities turned to the Left and against the establishment ‘out of repentance’. Author’s interview with Kumao Kaneko, *Founding Director of Nuclear Energy Division, 1978-82, Ambassador of Japan at IAEA and NPT Conferences, Founding President, Japan Council on Nuclear Energy, Environment & Security* 10 May 2010 and 25 June 2010

¹³⁷ The *Yomiuri* continues to be the most widely-read newspaper in Japan with a subscription of 10.02 million. This is followed by the *Asahi* with 8.11 million, the *Mainichi* with 4 million, *Chunichi* with 3.47 million and *Seikyo* (owned by Soka Gakkai) with reportedly 5.5 million. Minoru Matsutani, ‘Newspapers here soldiering on’, 3 March 2009, <http://search.japantimes.co.jp/cgi-bin/nn20090303i1.html> (Accessed on 28/05/09). In addition to the 10m *Yomiuri* sold daily in Japan, it has been reported that a further 3.6m are sold in the evening.

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The quality of Japanese journalism is, however, often criticised as bland¹³⁸ and to have a limited impact on the policy-making process.¹³⁹ Baum echoes this sentiment arguing that in Midford's words, 'the new media focus more on human interest international news than geopolitics but are still essentially neutral.'¹⁴⁰ The restrictive *kisha* club system's (press club) continued prevalence is also often criticised by outsiders for failing to provide an open arena for media scrutiny.¹⁴¹

The media nonetheless play an important role in disseminating information. In the past and to some extent still today, media coverage of Japan's relations with India have been sporadic. Reports on India often focused on stories of drought, poverty and ethnic/religious violence. These occasionally still appear but considerable space is also now given to stories of economic success.

Whilst *The Hindu*, a respected Indian publication once stationed a reporter in Tokyo, high costs of living and the availability of newswires has deterred printing offices from establishing bureaux abroad.¹⁴² There is currently not one Indian newspaper correspondent based in Japan. For Japan's part, greater effort has been made to report 'on the ground' and witnessed some expansion in recent years.¹⁴³ The *Asahi Shimbun*

¹³⁸ Jean-Pierre Lehmann, 'Japanese Attitudes towards Foreign Policy,' Richard L. Grant, (ed.), *The Process of Japanese Foreign Policy: Focus on Asia*, (London; Royal Institute for International Affairs, 1997), p. 139

¹³⁹ According to *The Economist*, 'news in Japan does not so much break as ooze', 'The teetering giants', *The Economist*

¹⁴⁰ Midford, *Rethinking Japanese Public Opinion and Security*, p. 179

¹⁴¹ Kisha club members belong to the Japan Newspaper Publishers and Editors Association and must be recommended by other members before joining. Bureaucrats generally favour this system, which allows them to carefully select what information is feed to the public and maintain convivial relationships with officials. Jun Hongo, 'Press club faithful fight change', *The Japan Times*, 7 October 2009, <http://search.japantimes.co.jp/cgi-bin/nn20091007f1.html> (Accessed on 07/09/09)

¹⁴² A correspondent in Singapore now covers all of East Asia. Author's interview with Eishiro Takeishi, *New Delhi Bureau Chief, Asahi Shimbun*, New Delhi, 14 March 2011

¹⁴³ On the whole, Japanese journalists have received a warm welcome in India but in 2010 some tension was raised when the NHK bureau chief was refused a renewed visa; according to reports following some unfavourable coverage of Lok Sabha elections in 2009. 'Japanese journalist refused visa extension', *Sify*

for example had for many years just one reporter covering the South Asia region. This has now been expanded to one for Pakistan and Afghanistan (following 9/11), one for India and another concentrating on economic affairs.¹⁴⁴ The *Nikkei* has two offices in India; Delhi and Mumbai in response to the ‘huge interest’ in Japanese companies in India according to the chief correspondent.¹⁴⁵ The *Mainichi*¹⁴⁶ and *Yomiuri* has one correspondent each, who also cover Afghanistan and Pakistan¹⁴⁷ and the ultra-conservative *Sankei*, only established a bureau for India in 2009.¹⁴⁸ The allocation of staff by newspapers in both Japan and India is of course the prerogative of individual businesses and not a government decision however the sparse presence explains some of the limited understanding of the relationship at the popular level.

As will be discussed in Chapter 8, the press has played an important role in fostering and presenting public debate on whether Japan should export its nuclear technology to India. Business titles such as the *Nikkei* increasingly produce pieces supporting greater commercial interaction, reporting on the investment climate and experience of other Japanese and international firms operating in the Indian market. This effort therefore also contributes to Japanese corporate planning. Furthermore as Chapter 3b demonstrated, the media in Japan (and India) has fixated on the security ‘balancing’ aspect of Japan’s interest in India with some attention given to economic incentives. By framing publicity of the relationship in this manner, this has played a part in public

News, 12 July, 2010, <http://www.sify.com/news/japanese-journalist-refused-visa-extension-news-national-khmtOdcchib.html> (Accessed on 20/02/10)

¹⁴⁴ This task was previously under the remit of a correspondent in Bangkok but in 2008 was moved to India. Author’s interview with Takeishi

¹⁴⁵ According to Nagasawa, Japanese firms are also interested in the region now the civil war in Sri Lanka has been concluded and prospects for the garment industry in Bangladesh are increasing.

¹⁴⁶ In the late 1990s the *Mainichi* was forced to leave India following a tax dispute which some reporters believe to have been an attempt to ‘squeeze’ Japan following the imposition of sanctions. The office then moved to Islamabad which at the time appeared a ‘good move’ as focus shifted to the Taliban but was soon moved back to Delhi.

¹⁴⁷ Those articles which are produced must also be cleared by Tokyo headquarters, which continues to give preference to matters relating to the US alliance. Author’s interview with Hirabayashi

¹⁴⁸ Author’s interview with Takita

perceptions which officials and particularly elected politicians must consider as they develop their approach.

VIII. Additional actors

In addition to the above, one must not overlook the role played by civil society. External organisations have long contributed semi-official or ‘second-track’ dialogue in Japanese diplomacy.¹⁴⁹ Furthermore sub-national governments (SNGs), pressure groups, think tanks, academics and public opinion play a notable function.¹⁵⁰ Non-governmental organisations (NGOs) are also playing a greater role in Japanese diplomacy. Overall however, interest groups are generally more active on domestic issues than foreign affairs.¹⁵¹

Individuals have also played a decisive role. As Jain notes, ‘personal connections and advocacy have been necessary for early breakthroughs.’ Interviewed twice for this study, Yachi Shotaro played an instrumental part in shaping Japan’s approach to India.¹⁵² Yachi was Abe’s most trusted diplomatic bureaucrat who regularly shared foreign policy ideas whilst the latter was Deputy CCS and later Prime Minister. According to Abe, Yachi was particularly instrumental in convincing MOFA colleagues of the value of his approach.¹⁵³ Sasae Kenichiro, currently Vice Foreign Minister, also deserves attention. It is thought by some scholars that it was based on Sasae’s

¹⁴⁹ Green, *Japan’s Reluctant Realism*, p. 66

¹⁵⁰ Hook et al. *Japan’s International Relations: Politics, Economics and Security*, p. 61-65

¹⁵¹ Hilsman cited in Shinoda, *Koizumi Diplomacy*, p. 13

¹⁵² Yachi had little experience himself of India prior to taking these roles in government but studied in depth the ‘drain theory’ critique of colonialism in India during postgraduate study. Author’s interview with senior official, MOFA, 26 June 2009

¹⁵³ Within MOFA, Yachi was considered ‘on a different planet’ to Tanaka Hitoshi as far as strategic vision, causing some tension around the launch of Abe’s ‘Arc of Freedom and Democracy’ initiative. Author’s interview with Tomohiko Taniguchi, *Former Deputy Press Secretary to MOFA and Chief Speechwriter* 6 May 2010

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encouragement that Mori and perhaps even Abe visited India.¹⁵⁴ Indeed Sasae often represents the Japanese delegation at bilateral talks.

Unofficial individuals have also participated in the rejuvenation of Japan's ties with India. One notable lobbyist is Vibhav Kant Upadhyay who once studied in Japan and established in the 1990s the 'India Center', which hosts regular meeting between key decision-makers.¹⁵⁵ According to the organisation's website, the body also organises cultural events such as 'Namaste India' held every November in Tokyo. Despite some tensions between Upadhyay and MOFA and the scholarly community,¹⁵⁶ Upadhyay's connections with several senior politicians in both Japan and India (including Prime Ministers Mori, Abe and Hatoyama), have increased the connectivity between states. Kan even said of Upadhyay in 2006, 'He is the one who educated me about India. He urged me to visit India.' Adding, 'we may have differences domestically on Japan-China relations, but there are no differences whatsoever on Japan-India relations.'¹⁵⁷ In September 2011 an India-Japan Global Partnership Summit was arranged by the organisation.¹⁵⁸

¹⁵⁴ According to Hirose, Sasae came to realise the potential for greater cooperation after witnessing Japanese and Indian diplomats in conversation. Author's interview with Hirose.

¹⁵⁵ 'India Center Japan', <http://www.india-center.org/content/main.php> (Accessed on 10/11/08)

¹⁵⁶ Upadhyay is said to have ambitions for the Indian Parliament. According to one academic, during official Prime Ministerial visits to India, Japanese Prime Ministers often 'slip away' to meet Mr Upadhyay's contacts.

¹⁵⁷ 'When 80,000 Japanese said Namaste India,' *Indian Express*, 24 September 2006, <http://www.indianexpress.com/news/when-80-000-japanese-said-namaste-india/13340/> (Accessed on 08/11/08)

¹⁵⁸ 'India-Japan Global Partnership Summit (IJGPS)' 5-7 September 2011, <http://www.indiajapansummit.org/en/>

i. *Prime Minister Manmohan Singh*

The role of India's Prime Minister also deserves attention even though the Indian policy-making structure sits outside this thesis' remit. In comparison to India's bureaucracy, which has shown less enthusiasm, Dr Singh is frequently referred to by officials and scholars (less so in Japan) as crucial.¹⁵⁹ According to one senior MOFA official in Delhi, Singh 'is the man who has elevated cooperation to this level'. An internationally-respected economist, Singh pushed especially hard for economic agreements, according to Pant making a personal intervention to secure the conclusion of CEPA.¹⁶⁰ One Director of the Southwest Asia Division noted to the author that Singh was instrumental in securing preferential treatment for Japan in the DMIC¹⁶¹ and to a senior JICA official, the consensus in Tokyo is that 'the time is now to bolster ties' in case someone less admiring assumes his post.¹⁶²

Singh is noted by Japanese officials to also have been 'patient', according to one *Asahi Shimbun* correspondent, with Japan's domestic political instability.¹⁶³ The assistance provided by Japan in the wake of the 1991 BOP crisis has contributed to this view, as has Singh's economist-background which reportedly endears him to Japan's economic strengths and the benefits of free trade.¹⁶⁴ Following the March 2011 earthquake, Singh's condolences were appreciated as evidently heartfelt. Singh expressed his 'deepest condolences', promised 'our resources are at the disposal' of Japan, stating 'I

¹⁵⁹ Other Indian politicians noted to be sympathetic towards Japan include the Finance Minister, Pranab Mukherjee and Head of the Planning Commission, Montek Singh who was in government during the 1991 BOP crisis. Author's interview with Sugio

¹⁶⁰ Harsh Pant, 'Singh's Japan stop was first step to shoring up regional security', *Japan Times*, 1 November 2010, <http://search.japantimes.co.jp/cgi-bin/eo20101101a2.html> (Accessed on 01/11/10)

¹⁶¹ Author's interview with senior official, *Southwest Asia Division, MOFA*, 24 June 2010

¹⁶² Author's interview with Suzuki

¹⁶³ Author's interview with Takeishi

¹⁶⁴ Author's interview with Kondo

consider our bilateral relations with Japan to be one of the most important...we have.’¹⁶⁵ Singh has also remarked that the ‘sky’s the limit’ regarding relations’ potential.

IX. Public opinion

The public has played an indirect role in influencing policymaking. Japan’s leaders in an established democracy, rely on the public to secure their mandate. For example during the Koizumi years when public support was strong, policymakers were able to make more proactive international moves. It has often been said that Japan operates a ‘theatre audience democracy’ in which the electorate observe politics but the landslide election of the DPJ in 2009 demonstrated the influence of the ballot box. The DPJ platform argued for many domestic reforms but also for changes in Japan’s international outlook.

Despite this potential constraint on policymaking, the public can be susceptible to manipulation. Policymakers ultimately control the flow of information exposed to the public and can distract the electorate with domestic issues (as Koizumi proved with his radical reforms of the Post Office). The ability of other actors, such as the media to steer opinion towards support for a policy is also a factor. Public opinion is only able to establish the parameters or ‘general background against which policy-making agents reach decisions’.¹⁶⁶

¹⁶⁵ ‘Can our N-plants survive Japan quake, PM wants to know’, *Indian Express*, 14 March, 2011, <http://www.indianexpress.com/news/can-our-nplants-survive-japan-quake-pm-wan/762244/> (Accessed on 15/03/11)

¹⁶⁶ Hook et al. *Japan’s International Relations: Politics, Economics and Security*, p. 65

The norm of pacifism is considered by some scholars to represent a major determinant of Japanese foreign policy. Yet for the past decade a ‘creeping realism’ has been identified. The additional concern with terrorism following 9/11 has proven another factor. In a recent interesting analysis, Midford argues that public opinion in Japan was ‘never pacifist’.¹⁶⁷ Instead Japanese attitudes about the military originate from what Thomas Berger identifies as a ‘culture of anti-militarism’ rather than from pacifism *per se*. Following Japan’s disastrous experiment in militarism, distrust has proven difficult to reverse. Nevertheless, encouraged in part by elites, Japan is growing to appreciate military power for ‘deterrence and defence’.¹⁶⁸ The upgrade of the JDA in 2007 did not arouse public opposition nor, at first, did Abe’s attempts to launch a debate on revision of the Constitution. In fact opinion polls have gradually shown increased support. In line with NCR, however, which privileges structure, Midford also argues that public opinion has been predominantly ‘reacting directly to the material reality of the international state system’.¹⁶⁹

Furthermore a very small percentage of voters base their choices on foreign policy. As Midford argues, public opinion’s salience increases on questions such as ‘overseas deployments’ but less so for ‘issues such as a new multilateral initiative’.¹⁷⁰ Thus as Chapter 8 will demonstrate in discussing Abe’s ‘Arc’ initiative, public opinion was not a factor in its demise, instead elite caution and external unease brought the idea from favour. The extent to which a government policy conflicts with an established public norm also determines the weight of public opinion. On the issue of nuclear technology

¹⁶⁷ In this analysis, Midford puts forward eight situations in which public opinion is able to influence policymaking, Midford, *Rethinking Japanese Public Opinion and Security*, p. 2

¹⁶⁸ Midford adds the important caveat that Japanese public opinion is ‘defensive realist’ since offensive power remains unpopular.

¹⁶⁹ *Ibid.* p. 177

¹⁷⁰ *Ibid.* p. 11

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transfer for example, domestic opposition was voiced and will be critiqued in Chapter 7. As will be shown, public opinion is able to only slow down security policy change but not stop it.

In the most recent MOFA-commissioned ‘Opinion Survey on the Image of Japan in India’ in 2009,¹⁷¹ 76% of respondents considered relations to be friendly or very friendly with 92% seeing Japan as a reliable friend of India. Asked about common images of Japan, respondents described Japan as ‘technologically advanced, economically powerful and peace-loving country’, with people who were ‘diligent, efficient in management practices, and inventive’. Japan was rated the ‘most liked country’ with 33% in comparison to 29% for the US which came second.¹⁷² According to an Ambassador to Delhi, Japan is the country India most wants to emulate.¹⁷³

However despite these positive sentiments, genuine understanding between citizens is low. For Japan in large part this is due to the fact that until the late 1990s South Asia was hardly visible in the Japanese perception of ‘Asia’ or ‘Asia-Pacific’. Separated by over 6000km, Japanese citizens believe they share little with India. Whilst this distance equates to that between Tokyo and Hawaii¹⁷⁴ and pales in comparison to that with Washington, a ‘psychological distance’ remains. Japan and India are seen as at the ‘extremes of Asian culture’.¹⁷⁵ The early cultural linkages and economic exchange is

¹⁷¹ ‘2007 opinion leaders were interviewed on an individual basis in 12 major cities in India for the opinion survey on Japan. Under the commission by the Ministry of Foreign Affairs, the opinion survey on Japan was also conducted in India in 1986 and 2000’

¹⁷² In 1994, however, Jain cites survey results where only 23.9% of the respondents said they felt a sense of affinity with SA while the corresponding figure for ASEAN was 35.4% and 53.8% for China. Jain, ‘Japan and South Asia – An Overview’, in Jain ed., *Distant Neighbours*, p. 5. For further details on the survey, see

<http://www.mofa.go.jp/region/asia-paci/india/survey/2000/section2.html#1>

¹⁷³ Author’s interview with Sakutaro Tanino, *Former Ambassador to India 1995-8*, 1 July 2010

¹⁷⁴ Author’s interview with Takita

¹⁷⁵ Author’s interview with Hideki Esho, *Professor of Economics, Hosei University* 24 May 2010

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barely known in Japan and as one Japan Foundation official notes, mutual understanding is very ‘superficial’.¹⁷⁶

The scope of Asia is nevertheless experiencing a gradual change. In many ways the progress differs according to generation providing two opposing images of India. Older generations continue to consider Asia’s border at Burma. Images of India relate to Gandhi and Nehru in the positive sense and negatively as a region of conflict and famine. The Sino-Indian border conflict and annexation of Goa are especially identified as ‘puncturing’ perceptions.¹⁷⁷ For the young, however, India is seen as software giant with growing prosperity. This situation is of course not unique to Japan and indeed the US too has broadened its conception of the region and begun to refer to the ‘Indo-Pacific’ region rather than just the ‘Asia-Pacific’.¹⁷⁸

Japan’s foreign policy with India has, however, benefited from little public attention, especially when compared to bilateral relationships with the US and China, leaving Japan’s policymakers relatively free rein to debate strategy.

X. Conclusion

As Miyagi correctly noted, the state is ‘not an independent, coherent autonomous actor separated and aloof from society’ but ‘an arena and arbiter of conflicting demands and claims’.¹⁷⁹ Such a belief deviates from pure realism’s acceptance of the state as a

¹⁷⁶ Author’s interview with Ogawa

¹⁷⁷ Author’s interview with Seth

¹⁷⁸ See Michael Auslin, ‘Security in the Indo-Pacific Commons: Toward A Regional Strategy’, *AEI*, December 2010, <http://www.aei.org/docLib/AuslinReportWedDec152010.pdf> (Accessed on 03/01/11)

¹⁷⁹ Miyagi, *Japan’s Middle East Security Policy*, p. 16

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unitary actor arguing instead that a pluralist concept of an intricate and often complex system exists.

The above section demonstrates the compound collection of actors present in Japan's policymaking process and how models that overly emphasise the role of the bureaucracy, political parties or the prime minister, fail to appreciate this plurality. As the remainder of this thesis will show, Japan's policy towards India has involved each of the above actors to differing degrees with MOFA remaining core to the process. Before embarking on this analysis, however, it is necessary to track the historical development of Japan-India relations, the focus of the following chapter.

5. Japan's Policy and Relations with India: An Historical Review

This chapter presents an historical overview of Japan's relations with India.¹ Particular attention is given to the nature of Japan's diplomacy as well as the reception policy has received. The empirical discussion will provide the context from which the following analysis should be considered and demonstrate how historical interactions have shaped the current relationship. Through a chronological assessment the chapter highlights the factors that have previously shaped Japan's approach towards India, indicating how structure, in line with NCR has been the major impediment.

As stated in the Introduction, post-war political, economic and security ties between Japan and India were 'not only minimal, but also cool and formal.'² Tokyo's interest in Japan has been sporadic, waxing and waning with geopolitical shifts.³ Japan-India relations have been shaped by a combination of pragmatic interests regarding economic prospects and wider structural factors. At the cultural level people-to-people contact has contributed to improving popular thinking but normative ideas have found limited traction. Overall the picture is one of Japanese ambivalence for the majority of India's

¹ Among the studies into historical ties, Murthy offers the most in-depth overview with Sareen and Lebra providing insights into more specific periods. PA Narashimha Murthy, *India and Japan: dimensions of their relations*, (New Delhi: ABE Publishing House, 1986); T.R. Sareen, *Japanese Prisoners of War in India, 1942-1946: Bushido and Barbed Wire*, (Global Oriental; Folkestone, 2006); Lebra, Joyce Chapman, *The Indian National Army and Japan*, (Singapore; Institute of Southeast Asian Studies, 2008). Other chapter-length pieces, which recount historical links include Kalam and Jain. Abul Kalam, *Japan and South Asia, Subsystemic Linkages and Developing Relationships*, (Dhaka: University Press Ltd. 1996); Purnendra Jain, (ed.) *Distant Asian Neighbours: Japan and South Asia*, (New Delhi; Sterling Publishers; 1996); Purnendra Jain, 'India's Calculus of Japan's Foreign Policy in Pacific Asia', in T. Inoguchi (ed.), *Japan's Asia Policy: Revival and Response*, (New York: Palgrave, 2002), pp. 211-236

² Satu Limaye, 'Japan and India after the Cold War', p. 225

³ Purnendra Jain, 'Japan and South Asia: Between Cooperation and Confrontation' in Inoguchi Takashi and Purnendra Jain (eds.), *Japanese Foreign Policy Today*, (New York; Palgrave, 2000), p. 265

short history. Only recently, on the heels of economic potential, has interest reached levels commensurate with shared interests.

Japan's external policy history is characterised by attaching itself to the great power of the day. Regarding Japan's approach to India therefore, a constant factor has also been the influence of foreign powers. This issue is recognised by NCR's appreciation of structure. During the early decades of the twentieth century, Britain disapproved of any Japanese sympathy for the Indian independence movement and later Washington's Cold War vision proved a substantial obstacle to economic and political interaction. When the US became strategically aware of India in the 1990s, Japan's policy closely followed. Japan and India have also converged against a common opponent in the past, as can be seen in Japan's assistance to India's independence and embrace of Japan at the end of the Pacific War when Japan was practically an 'Asian orphan'.⁴

The significance of historical links should not be overstated as those taking a liberal theoretical viewpoint might emphasise. Instead these links should be considered within the NCR context of their impact on policymakers' perceptions. Historical links can provide a useful justification for renewed activity. Whether this is the case for Japanese officials who refer to a 'romantic' history in their diplomatic discourse or if cultural links do actually influence perceptions of Japan's affinity with India, will be analysed further into the study.

The chapter is divided into broad time-periods. The genesis of Indo-Japanese contact from the sixth century through the Meiji period will first be sourced, before turning to

⁴ Author's interview with KV Kesavan, *Distinguished Fellow, Japanese Studies, Observer Research Foundation*, 1 March 2011

the turbulent twentieth century, paying attention to key episodes including wartime connections, the post-war environment and onset of the Cold War. The examination will conclude in the 1990s from when the remainder of this study will concentrate.

I. Early encounters

Japan's historical connections with India originated in the sixth century when Buddhism reached Japan through China.⁵ The first Indian to reach Japan was Bodhisena who assumed the role of 'Master of Ceremony' for the Consecrating Ceremony of the Great Buddha at the Todaiji Temple in Nara in 752.⁶ The Japanese syllabary of Kana has been traced by some to the Sanskrit alphabet.⁷

II. Sixteenth century cultural and economic contact

The first Japanese visit to India occurred much later, during the late sixteenth century. Japan had begun to establish political contact with Portugal in colonised India. According to Leupp, Japan at first believed the Portuguese to be indigenous to India and that Christianity was in fact an Indian religion. In 1596 at the height of anti-Christian persecutions, Japanese Christians fled to the colony of Goa, establishing a community of traders as well as slaves captured by Portuguese ships. Indians travelled to Japan as *lascars* (sailors) on Portuguese and then British-commissioned ships during the eighteenth and nineteenth centuries. Until the First World War, Chinese and Indian textile manufacturers and textile merchants established branches in Kobe, Yokohama

⁵ Author's interview with Seth

⁶ Ambassador Yasukuni Enoki, 'A strong cultural and historical bond linking Japan and India', Speech to Delhi Rotary Club, 9th February 2006. In 2002, the 1250 year anniversary of the sanctification, a statue of Bodhisena was erected in Nara.

⁷ Interview with the author, Eijiro Noda, *Former Ambassador to India 1985-89* 25 June 2010

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and later Osaka.⁸ As this thesis will later show, Japan's interest in India has consistently originated in economic incentives.

III. Meiji-era economic contact and the opening of diplomatic channels

India continued to be a key supplier of raw materials to Japan throughout the Meiji era (1868-1912).⁹ In the 1890s Japan started importing considerable amounts of Indian cotton through Bombay to establish and support its own textile industry. The first Japanese Consulate in India was opened in Bombay in 1894 and in 1907 the first Consulate-General in Calcutta, then the capital of British India. By 1903 the 'Japan-India Association' was established by among others, Prime Minister Okuma.¹⁰

⁸ Hiroshi Shimizu, 'The Indian merchants of Kobe and Japan's trade expansion into Southeast Asia before the Asian-Pacific War', *Japan Forum*, Volume 17, Issue 1, 2005, pp. 25 – 48. For further detail see RA Brown, *Capital and Entrepreneurship in Southeast Asia*, (London; Macmillan, 1994) and Claude Markovits, *Merchants, Traders and Entrepreneurs: Indian Business in the Colonial Period*, (London; Macmillan, 2000).

⁹ According to some estimates, by the end of the Meiji period India accounted for 10% of Japan's total foreign trade. Osamu Sawaji, 'A New Era of Japan-India Relations', *The Japan Journal*, (December 2007),

http://www.japanjournal.jp/tjje/show_art.php?INDyear=07&INDmon=12&artid=ca3d183e4aa7b102c482f80af209c56a&page=2 (Accessed on 09/10/08)

¹⁰ 'History of the Japan-India Association', *Japan-India Association website*, <http://www.japan-india.com/english/news/view/5> (Accessed on 16/06/09) Okuma was the 17th Prime Minister of Japan under the Emperor of Meiji and the founder of Waseda University, Tokyo. The organisation's activities initially centred round economic interaction, opening a Japan Commodity House in Calcutta. By the end of the Showa era, however, the association's activities began to take a more political character, following MOFA's authorisation of 'foundation' status in 1939. During the subsequent war the association supported India's independence movement, much to Allied opposition resulting in the outlawing of future activities. Participants temporarily changed the association's name to Japan-India Economic Association but resumed the original title once Japan's sovereignty was restored in 1952. During these years the Association enjoyed the chairmanship of several eminent Japanese elites, including Hisato Ichimada, governor of the Bank of Japan from 1952, Yoshio Sakurachi (later president of the House of Representatives) from 1977.

IV. Intellectual exchange – the friendship of Tagore and Tenshin

The late Meiji period also witnessed the emergence of intellectual exchange epitomised by the friendship between Indian Nobel Laureate Rabindranath Tagore (1861-1941)¹¹ and Okakura Tenshin (1863-1913). Okakura, an art critic and historian, met the Bengali poet in India at the turn of the century. They shared a common perception of Asia, evolved from the Buddhist vision of the world around the three poles of Japan, India and China.¹² This was embodied in the famous opening sentence of Okakura's seminal work *The Ideals of the East* (1904); 'Asia is one'.¹³ Asians were also they believed, united in their shared experience of colonial humiliation.¹⁴

Tagore greatly admired Japan for differentiating itself from the West but believed Japan could use lessons from Western civilisation and become Asia's only successfully modernised power. Tagore called on Japan to 'Let the greatness of her ideals become visible to all men like her snow-crowned Fuji rising from the heart of the country into the region of the infinite.'¹⁵

The extent to which this romanticised vision of an 'oriental character'¹⁶ influenced Japan-India relations, however, is disputable. Certainly Tagore had an impact on the Japanese people and his writings were widely distributed in Japanese. Okakura was

¹¹ In 1913, Tagore became the first Asian to win the Nobel Prize

¹² Pekka Korhonen, 'The Geography of Okakura Tenshin', *Japan Review*, Vol. 13 (2001), p. 120

¹³ Okakura, influenced by the Hindu revivalist Swami Vivekananda (1863-1902) whom he travelled to meet in February 1902, viewed European civilisation as characterised by materialism and scientific progress rather than spiritualism. For Vivekananda, Asia 'produces giants in spirituality just as the Occident produces giants in politics [and] giants in science'. S. Vivekananda, *The Complete Works of Swami Vivekananda*, i (Calcutta, Bourne End and Advaita Ashrama: Ramakrishna Vedanta Centre, 1991-2), p. 6

¹⁴ Emmott, *Rivals*, p. 27

¹⁵ Rabindranath Tagore, 'The message of India to Japan: a Lecture', *Delivered at the Imperial University of Tokyo*, (1916), p. 31

¹⁶ Kalam, *Japan and South Asia, Subsystemic Linkages and Developing Relationships*, p. 104

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arguably more famous abroad than at home where his views of 'Asianism' found little support. What is of note, however, is that Tagore and Okakura did not agree on all matters and certainly not on the behaviour of their respective nations. In particular Tagore feared Japan's growing nationalism and 'un-Asian' actions towards China during the 1930s.¹⁷ This 'bout with utilitarian Asian consciousness'¹⁸ did not ultimately provide the foundations of any official political alignment and whilst occasionally scholars point to this episode, its practical implications were negligible. The international structure was not yet amenable to closer ties.

V. Political awakening; Indian independence and wartime interaction

An oft-overlooked episode of early Japan-India cooperation occurred during the Indian independence movement. As has been seen, the majority of Japan's relations with India were on a limited scale, intellectual or economic. The late nineteenth century, however, brought more political interaction as Japan's modernisation encouraged early protagonists of pan-Asianism.¹⁹ 'British India' was watched with concern by many elites in Meiji Japan as turbulent events unfolded. To many the Indian experience exemplified the dangers of Western penetration.²⁰

¹⁷ Giri Deshingkar, 'The Construction of Asia in India', *Asian Studies Review*, Volume 23 Number, 2 June 1999, p. 175

¹⁸ Limaye, 'Japan and India after the Cold War', p. 226

¹⁹ Yukiko Sumi Barnett, 'India in Asia: Ôkawa Shûmei's Pan-Asian Thought and His Idea of India in Early Twentieth-Century Japan', *Journal of the Oxford University History Society*, (2004) p. 3

²⁰ Another Japanese pan-Asianist, influenced by Indian nationalism was Ôkawa Shûmei. With a strong anti-Western thought he believed Japan had a 'divine mission' to free Asiatic nations from 'Western oppression'. Christopher W. A. Szpilman, 'The Dream of One Asia: Ôkawa Shûmei and Japanese Pan-Asianism' in Fuess ed., *The Japanese Empire in East Asia and Its Post-war Legacy*, (Munich; Iudicium Verlag, 1998), pp. 49-63. His support for India led to Britain putting pressure on the Japanese government to monitor his activity and demand the Japan and India Association to withdraw Ôkawa's membership. He was later indicted as a Class A war criminal by the Tokyo War Crimes Tribunal.

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The Indian freedom fighter Rash Behari Bose²¹ (1886-1945) arrived in Tokyo in 1915 seeking to broaden pan-Asianist thought.²² Encouraged by Japan's victory over Russia in 1905, Bose saw Japan as an example in the fight against colonialism. The defeat was widely celebrated by India for 'destroying the myth of European supremacy over Asian and serving as a mighty inspiration for Indian nationalists who were struggling to free their country from British rule'.²³ Nehru noted his pride at being Asian upon hearing the news.²⁴ Among popular perceptions Japan's status markedly improved.²⁵

For Japan the partnership with India was attractive. Asian leaders were beginning to turn their backs on Japan's military stance so the pan-Asian ideology preached by Rash Bose and his followers legitimised Japan's behaviour.²⁶ An Indian government was also perceived as being friendlier than Britain with whom relations had markedly soured. Furthermore trade had dwindled since 1923 when the Anglo-Japanese alliance broke down due to pressure from the US.²⁷ A mixture of structural incentives supported by

²¹ Rash Bihari Bose married a Japanese woman and even became naturalised as a Japanese citizen. Bose is also credited with bringing the first truly 'Indian' curry to Japan in the 1920s. For more on R.B. Bose's activities in Japan see Takeshi Nakajima, *Bose of Nakamura, An Indian Revolutionary in Japan*, (translated by Prem Motwani), (Delhi: Bibliophile South Asia, 2009). Nakajima's writings on the subject have, however, often faced criticism in India.

²² Rash Bose used the pseudonym Raja P.N.T. Tagore when he arrived in Japan, claiming he was a distinct relative of the laureate Tagore who was then creating a stir among Japanese intellectual circles. <http://www.liveindia.com/freedomfighters/24.html> Before Bose died (in Japan) he was honoured by the Japanese government with the Order of the Rising Sun (2nd grade) PA Narashimha Murthy, *India and Japan: dimensions of their relations*, (New Delhi: ABE Publishing House, 1986), pp. 85-98

²³ Jain and Todhunter, 'India and Japan – Newly Tempering Relations', Jain (ed.), *Distant Asian Neighbours*, p. 86. Bose's revolutionary ambitions were also ignited by the partition of Bengal in the same year.

²⁴ Deshingkar, 'The Construction of Asia in India', p. 175 citing Jawaharlal Nehru, 'Letter No. 117,' *Glimpses of World History*, Vol. 2, Allahabad, Kitabistan, (1934) pp. 726-7.

²⁵ Aftab Seth, 'India and Japan', Foreign Service Institute, *Indian Foreign Policy, Challenges and Opportunities*, (Delhi: Academic Foundation, 2007), p. 815. Furthermore, according to Professor Kinoshita, Indians wrote songs to celebrate Japan's victory. Author's interview with Toshi Kinoshita, *Professor of Economics, Waseda* 29 June 2010

²⁶ Cemil Aydin, 'Japan's Pan-Asianism and the Legitimacy of Imperial World Order, 1931–1945' *Japan Focus*, March 12, 2008, <http://www.japanfocus.org/-Cemil-Aydin/2695> (Accessed on 15/08/09)

²⁷ Ahmad Rashid Malik, *Pakistan-Japan Relations: Continuity and Change in Economic Relations and Security Interests*, (London; Routledge, 2008), p. 164

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normative support thus emerged. However as below will demonstrate, elite consensus was lacking and no national leader or bureaucratic body took charge.

In 1942 Indian expatriates gathered in Tokyo and Bangkok to form the Indian Independence League and Indian National Army (INA). Initially the INA was composed of only Indian expatriates and British POWs but in 1944 Subhash Chandra Bose, 1887-1945²⁸ (no relation to Rash Bihari Bose) convinced the War Minister and later Prime Minister, Tojo Hideki to support the Indian anti-colonial cause.²⁹ Bose (also known as 'Netaji', Respected Leader)³⁰ had been put in charge of the INA in place of Rash Bose whose popularity had fallen upon accusation that his interests sided more with Japan than India.³¹ Japanese forces fought with the INA at the 'U-Go Offensive' at Manipur yet both the Battles of Imphal and Kohima ended in failure with the INA-Japan troops suffering heavy losses.³²

²⁸ Details of Subhas Chandra Bose's death remain disputed. Official reports claim that Bose died following an air crash in Taipei on August 18, 1945 whilst flying to Tokyo. Others, including Justice Pal, point however to testimonies from Japanese and the only Indian survivor who contradict this account and suggest that Bose may have in fact been travelling to the USSR for political refuge. Several inquiries have been held, most recently in 2005, which concluded that the air crash was considered a cover by Japanese military officials to allow Bose to continue his efforts for Indian independence. Yet no proof of Bose arriving in the USSR could be found since access to Russian archives was denied. Rajeev Sharma, 'An Indian Cover-up?', *The Diplomat*, 23 April 2010, <http://the-diplomat.com/indian-decade/2010/04/23/india-cover-up/> (Accessed on 23/04/10)

²⁹ In the days leading up to Tojo's agreement, Hitler had previously suggested to Netaji that he collude with the Japanese who were making substantial gains at that time in Southeast Asia. On 16 June, Netaji was invited to visit the Diet where the Japanese Prime Minister surprised him with the declaration, 'We are indignant about the fact that India is still under the ruthless suppression of Britain and are in full sympathy with her desperate struggle for independence. We are determined to extend every possible assistance to the cause of India's independence. It is our belief that the day is not far off when India will enjoy freedom and prosperity after winning independence.' Ranjan Borra, 'Subhas Chandra Bose, The Indian National Army and the War of India's Liberation', *The Journal of Historical Review*, Winter 1982 (Vol. 3, No. 4), http://www.ihr.org/jhr/v03/v03p407_Borra.html pp. 407-439

³⁰ 'Netaji' was elected twice as president of the Indian National Congress but following disputes over Gandhi's non-violent protest policy, resigned. The ashes of Bose, who allegedly died in a plane crash off Taiwan in 1945, are actually kept in the Rentokuji temple in Tokyo, Suginami ward.

³¹ Borra, 'Subhas Chandra Bose, The Indian National Army and the War of India's Liberation'

³² The battle lasted from March to July 1944 and marked the turning point of the Burma campaign, signalling the end of the Japanese offensive on this front. For further detail, see Joyce Chapman Lebra, *The Indian National Army and Japan*, (Singapore; Institute of Southeast Asian Studies, 2008). This study looks at the origins of the INA through the imagination of Iwaichi Fujiwara, a young Japanese intelligence officer and the relationship between the Japanese Imperial Army and Indian National Army.

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During the 1920s many activists including Nehru supported cooperation between India and other Asian nations to form an Asian federation and destroy the ‘keystone of the arch of imperialism’.³³ Many were also unhappy with the progress of Gandhi’s non-violent movement. Unconditional mutual support was not, however, widespread. Whilst S. Bose accepted Japan’s imperialism and even supported Japan’s militarist invasions,³⁴ Sugata Bose, Harvard professor and great-nephew of Bose has also argued that whilst India was grateful for Japan’s assistance, ‘grave suspicion’ of Japan’s motives to ‘return to Asia’ after decades of indifference to nationalism continued.³⁵ Japan’s official endorsement of ‘pan-Asian’ thinking held a distinct meaning from that in India.³⁶ Whilst the Indian notion centred on the objective of independence from the British Raj, Japan’s vision was imperialistic.³⁷ Pan-Asianism for leaders like Bose was therefore more a means to an end rather than an end in itself.³⁸ The normative affiliation was therefore unable, without supportive structural conditions, to bring relations to a new level.

An additional episode of interaction, often neglected is the experience of Japanese POWs in India in the early 1940s.³⁹ The subject of POWs is muted in Japan due to the

³³ Kalam, *Japan and South Asia, Subsystematic Linkages and Developing Relationships*

³⁴ Panda and Fukazawa eds., *India and Japan: In Search of Global Roles*, p. 11

³⁵ Onishi, ‘Decades After War Trials, Japan Still Honors a Dissenting Judge’. The extent to which Japan truly supported the Indian cause is also disputed by those who argue that Japan refused to allow India administrative authority over the occupied Andaman Islands (Indian territory). This is criticised as an effort by Japan’s military to consume India under Japan’s envisioned Asian leadership. See ‘What Does The Film *Pride—The Fateful Moment* Describe?’ *Akahata*, (Official newspaper of the Japanese Communist Party), 8 July 1998

³⁶ Professor Brij Tankha in particular cautions against placing too much emphasis on these historical interactions. Author’s interview with Brij Tankha, *Professor of Modern Japanese History, University of Delhi and Hitotsubashi University* 24 May 2010

³⁷ Aydin, ‘Japan’s Pan-Asianism and the Legitimacy of Imperial World Order, 1931–1945’

³⁸ *Ibid.* Okawa is said to have been shocked at the suggestion by Bose to seek cooperation with the Soviet Union, despite his opposition to Communism. Bose, it is reported, responded, that he was prepared ‘to shake hands even with Satan himself to drive out the British from India’.

³⁹ Works on Japan and the INA include Tikak Raj Sareen, *Japan and the Indian National Army*, (Delhi; Agam Prakashan, 1986), *Indian revolutionaries Japan and British imperialism*, (Delhi; Anmol Publications, 1993), ‘Subhas Chandra Bose, Japan and British Imperialism’, *European Journal of East*

influence of the *bushido* code of war, which prohibits surrender. The capture of Japanese soldiers was indeed unique but a total of nearly three thousand are recorded as having been imprisoned in India during the war.⁴⁰ Sareen notes that Japanese POWs from New Zealand formed associations upon their return to Japan whilst those who spent time in India ‘faded into oblivion’.⁴¹ Interestingly this episode was not mentioned by any Japanese officials or academics interviewed for this study.

VI. Justice Pal’s dissenting verdict

The episode engrained most favourably in Japanese minds is the dissenting voice of the Bengali Justice Radhabinod Pal at the International Military Tribunal for the Far East in November 1948. Other judges criticised the court’s verdict but Pal’s ‘not guilty’ verdict left the deepest impression. News of his discordant view was banned in Japan and Britain until 1952.⁴²

Judge Pal’s opposition was not, however, based on approval for Japan’s actions or a conclusion that the accused were innocent. He acknowledged Japan’s wartime violence, including Nanjing, stating that ‘the devilish and fiendish character of the alleged atrocities cannot be denied.’⁴³ Where he differed was in whether the actions were illegal

Asian Studies, Vol. 3, No. 1 (2004), pp. 69-97 and *Indian National Army: a documentary study*, Delhi; Gyan, 2004)

⁴⁰ T.R. Sareen, *Japanese Prisoners of War in India, 1942-1946: Bushido and Barbed Wire*, (Global Oriental; Folkestone, 2006), p. xiii

⁴¹ *Ibid.* p. 243

⁴² For further discussion on the Tribunal see Richard H. Minear, *Victors’ Justice; The Tokyo War Crimes Trial*. (Princeton, N.J.: Princeton University Press, 1971), Takeshi Nakajima, *Pal Hanji, Tokyo Saiban Hihan to Zettai Heiwa-shugi*, (Judge Pal: His Criticism of the Tokyo Trial and His Absolute Pacifism) (Hakusui-sha, 2007) and Ushimura Kei, ‘Pal’s “Dissentient Judgment” Reconsidered: Some Notes on Post-war Japan’s Responses to the Opinion,’ *Japan Review*, 19, (2007), pp. 215-224

⁴³ Bernard B. V. Röling and C. F. Rüter, eds. *The Tokyo Judgment: The International Military Tribunal for the Far East 29 April 1946-12 November 1948* (Amsterdam; APA-University Press, 1977) p. 981 cited in Kei, ‘Pal’s “Dissentient Judgment” Reconsidered’ p. 218. Brook, however, argues that Justice Pal’s judgement on Nanjing fell short of condemning Japan to the same extent as judges from Western

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in an indictable sense. Pal disagreed that there was a conspiracy to wage war and objected to the '*ex post facto*' introduction of the terms 'crimes against peace' and 'crimes against humanity'. Other scholars have since concurred with his arguments.⁴⁴

Pal's criticism was directed towards the Tribunal. He viewed the trial as 'much more a political than a legal affair', characterised by a 'thirst for revenge' and 'victors' justice'. He sought a purely legalistic reading of events leading up to and during the years of conflict, which according to Ambassador Seth, 'reinforced the impression that just as Gandhi wanted a "fair and non-violent" victory against Britain, Pal wanted a "fair and non-violent" judgement of Japan.'⁴⁵ Pal was no doubt inspired by personal conviction against colonialism based on his experiences under British rule and respect for Gandhi.⁴⁶ He believed that Western powers had created the conditions for Japan's military actions and deemed it hypocritical that they too were not charged with such crimes.⁴⁷

Pal's opinion was also in an individual capacity and not representative of the Indian government. Despite some positive views in the Indian press, Nehru rejected Pal's comments in a confidential cable describing his judgment as 'wild and sweeping

powers who at the same time were trying to reassert their colonial position. Timothy Brook, 'The Tokyo Judgment and the Rape of Nanking,' *Journal of Asian Studies*, Vol. 60, No. 3 (August 2001), pp. 673-700. In opposition, Mr. Kase, who once served as an adviser to PM Yasuhiro Nakasone, however, has labelled Pal's conclusions about Nanjing, 'a complete lie' and evidence that Pal had fallen victim to 'Chinese and Allied propaganda'.

⁴⁴ See Richard Minear, *Victor's Justice: The Tokyo War Crimes Tribunal* (Princeton: Princeton University Press, 1971); *John Dower, Embracing Defeat* (New York: Norton, 1999), pp. 443-484

⁴⁵ Seth, 'India and Japan', p. 812

⁴⁶ Justice Pal had also studied in Kolkata, so according to Nandy was aware of the connections between Bengalis seeking independence and Japanese nationalists. Ashis Nandy, 'The Other Within: The Strange Case of Radhabinod Pal's Judgment on Culpability', *New Literary History*, 23-1, (Winter 1992) p. 53

⁴⁷ Nakajima, *Pal Hanji, Tokyo Saiban Hihan to Zettai Heiwa-shugi* (Judge Pal: His Criticism of the Tokyo Trial and His Absolute Pacifism) (Hakusui-sha, 2007) Review by Fumiko Halloran, *The Japan Society Review*, Issue 14 Volume 3 Number 2 (2008) http://www.japansociety.org.uk/wp-content/uploads/2009/06/review_volume_3_number_1_2008_Issue_14.pdf (Accessed on 15/08/09)

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statements...many of which we do not agree at all, we have had to inform Governments concerned informally that we are in no way responsible for it.⁴⁸

Whether or not Pal's comments were 'the argument for Japan's innocence' or representative of Indian views, however, the anecdotal quality of his remarks promoted the idea of intimacy between Japan and India. The episode has been imprinted in the minds of Japanese people, especially those of a nationalist persuasion. With little information available to the people of Japan about the events of the war, the trial served as a vital framework to construct post-war identity.

Ultra-nationalists in Japan have unsurprisingly glorified Pal's words as equating Japan's behaviour as 'innocent' or even supporting of Japan's Great East Asia Co-Prosperity Sphere.⁴⁹ The erection of a monument to Pal in a focal area of the Yasukuni Shrine complex in 2005 demonstrates the respect given to his views,⁵⁰ as does the film 'Puraido – The Fateful Moment' which contributed to some of the late-twentieth century myth-making of the Far Right in Japan.⁵¹

⁴⁸ A.G. Noorani, 'The Yasukuni "hero"', *Frontline, The Hindu*, Vol. 24, Issue 21, Oct 20-Nov 02, 2007, <http://www.hindu.com/fline/fl2421/stories/20071102503906000.htm> (Accessed on 17/08/09) Jawaharlal Nehru cited in a cable to the Governor of West Bengal on November 29, 1948, (*Selected Works of Jawaharlal Nehru*, Vol. 8; pages 233 and 413, respectively.)

⁴⁹ Review of *Pal Hanji, Tokyo Saiban Hihan to Zettai Heiwa-shugi*

⁵⁰ Statues in memory of Justice Pal can also be found in Kyoto and on the shores of Lake Ashino, Kanagawa Prefecture, south of Tokyo, Murthy, *India and Japan: dimensions of their relations*, pp. 245-46

⁵¹ In 'Pride' (released summer 1998), the personal story of Hideki Tojo is recounted through the eyes of his wife, Katsuko. The film portrays Tojo as a respectable family man who, faced with the stern defence of Prosecutor Joseph Keenen, is unable to convince the International Military Tribunal for the Far East that America's actions in dropping the atomic bombs on Japan equate to charges of murder levied and him and his fellow military generals. For further analysis on the film, see Michael J. Green, 'Can Tojo Inspire Modern Japan?' *SAIS Review*, Vol. 19, No. 2, Summer-Fall 1999, pp. 243-250

VII. 'Feelings of friendship': post-war peace negotiations

Additional events post-war encouraged further positive sentiment. Unlike Pal's independent attempt, India's government invited then-occupied Japan to participate at the Delhi Asian Games as an independent nation in 1951 and was a central player in lobbying for Japan's entry into the UN and the first Afro-Asian Conference in Bandung in 1947. The Conference marked a turning point in the idea of a modern 'Asia' but somewhat ironically considering the path of Asian integration thereafter, the Conference paid little attention to economic relations.⁵²

At a similar time negotiations around drafting an acceptable peace treaty brought the perception of 'the extraordinary feeling of friendship'⁵³ from the Indian people. Without the territorial claims that complicated Japan's other post-war treaties, that with India was one of Japan's simplest. Yet it was the decision by India to waive the right to reparations as well as Japanese properties under Indian custody in her peace treaty following the cessation of war, which engrained appreciation towards India.⁵⁴

Upon examination Indian views towards Japan were not as 'extraordinarily friendly'⁵⁵ as the Japanese have since accepted. Rather as Sato's analysis suggests, India's consent to relinquish the right to reparations was negotiated and followed direct requests from

⁵² David Camroux, 'Asia ... whose Asia? A 'return to the future' of a Sino-Indic Asian Community', *The Pacific Review*, 20:4, (2007) pp. 554

⁵³ Hiroshi Sato, 'India Japan Peace Treaty and Japan's Post-War Asian Diplomacy', *Journal of the Japanese Association for South Asian Studies*, 17, (December 2005)

⁵⁴ The SFPT in its Article 15 (a) enforced J to return property of the Allied Powers and their nationals seized during the war. Other South Asian countries also decided not to press for reparations even though they had been targeted by Japanese air raids. Kalam, *Japan and South Asia, Subsystemic Linkages and Developing Relationships* p. 115

⁵⁵ According to Sato, 'The Japanese Foreign Ministry, on receiving the final Indian draft which must have been unexpectedly favourable, quickly responded, appreciating the draft as a gesture of 'extraordinarily friendly consideration' by the Indian people'

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MOFA. Nevertheless on 28 April 1952, Japan and (now independent) India established diplomatic relations and KK Chettur, who had served as Liaison Representative assumed the first post of Indian ambassador to Japan.⁵⁶ As Japan struggled to resume diplomatic relations with South-east Asian nations, Indian amity was a welcome support. The international structure necessitated making friends.

According to Kalam, India took the cause of post-war Japan in ‘almost a crusade spirit’. Believing it dangerous to humiliate and economically cripple a population known for its industriousness and pride.⁵⁷ India endorsed proposals to help Japan’s rehabilitation and ‘rejoin the comity of (free) nations’.⁵⁸ According to Sato, however, India’s actions were primarily due to Nehru. Nehru’s pro-Japan sentiments had been seen in his response to Japanese schoolchildren requests for an Indian elephant in 1947.⁵⁹ Although Nehru distanced himself from Pal’s comments, he is said to have sympathised with the Japanese cause, opposing the trial of Emperor Hirohito as an unnecessary ‘witch hunt’ which would inevitably ‘cause ill-feeling’ among the Japanese people.⁶⁰ Despite some internal opposition,⁶¹ Nehru was more concerned with Japanese support for his political

⁵⁶ The treaty was signed in on June 9 1952 in Tokyo and later ratified in Delhi on August 27. For the full text of the treaty, see <http://www.ioc.u-tokyo.ac.jp/~worldjpn/documents/texts/JPSA/19520609.T1E.html>

⁵⁷ Kalam, *Japan and South Asia, Subsystematic Linkages and Developing Relationships*, p. 117. India repeated the same theme in the Commonwealth Working Party deliberations in London (May 1950) arguing against any kind of treaty provisions which would arouse ‘the resentment of the Japanese’.

⁵⁸ Murthy, *India and Japan: dimensions of their relations*, p. 205

⁵⁹ The elephant kept at Ueno Zoo was considered a considerable comfort to the Japanese people who during the war had destroyed almost all their animals, both domestic and exotic.

⁶⁰ According to Sato, ‘Compared to his ‘pacifist’ fact, Nehru’s strong sympathy toward nationalist sentiment in post-war Japan has been overlooked. He observed on the occasion of the Sydney Conference of Commonwealth Foreign Ministers that ‘countries like Japan were not kept down permanently and India should not subscribe to any statement which laid down Japan should be kept weak in any sense of the word’ SWJN Vol 14, Pt 2 438 and 482’ Sato, ‘India Japan Peace Treaty and Japan’s Post-War Asian Diplomacy’, footnote 43.

⁶¹ ‘We are told that in the course of the negotiation over the IJPT, Indian Ministry of Commerce and Industry was opposed to returning the Japanese properties, on the ground that Indians in Japan suffered loss due to the depreciation of yen currency. Despite their opposition, Nehru signed the treaty’ [MOFA 1955c 3] Ibid.

ambitions in Asia than economic interests.⁶² Nehru's pan-Asian aspirations for world government with India at the forefront soon faltered⁶³ but the economic possibilities continued to develop. As NCR argues, following favourable international structure political support is the next-most important condition, followed by bureaucratic agreement. Similar to Abe in the next generation therefore the role of individual leaders in driving policy was evident though without a suitable structural environment and broad political support, progress was limited.

VIII. Post-war economic relations

The immediate post-war years witnessed a boom or rather resumption of Indo-Japanese economic exchange.⁶⁴ South Asia was the first area where Japan sought to reintegrate into Asia. As early as May 1948 India welcomed a Japanese trade mission.⁶⁵ India unlike other Allied nations perceived of Japan's eventual economic recovery in a positive rather than competitive light. India 'did not foresee any element of economic threat in the recovery of the Japanese economy'.⁶⁶ By March 1952, before the conclusion of the peace treaty, a 'semi-official' mission under Taizo Ishizaka, President of Toshiba Corporation paid another visit to India.

⁶² This was against the advice of the Ministry of External Affairs' Secretary-General, Sir Girja Shankar. 'The Yasukuni "hero"'. Sato further states that Nehru's diplomacy often undervalued economic concerns, 'He often revealed himself amazingly ignorant of economic matters; and the Ministry of External Affairs under Nehru, until the mid 1950s, paid scanty attention to economic and commercial matters.'

⁶³ Deshingkar, 'The Construction of Asia in India'

⁶⁴ Hitachi first came to India in the 1920s and considered India their 'top market'. Like Mitsubishi, the company left for the war years but soon returned. Mitsubishi was also based in Kolkata before the war but was forced to withdraw once hostilities began. The trading company re-entered in 1952 seeking a 'second life' in Delhi where it imported paper, chemicals and power plant material and exported soy meal.

⁶⁵ Sato, 'India Japan Peace Treaty and Japan's Post-War Asian Diplomacy', footnote 25 *Asahi Shimbun*, 28th Dec 1951, 5th Feb 1952. The delegation consisted of 14 members with 11 members from private businesses and one each from MOFA, MITI and Exim Bank.

⁶⁶ *Ibid.*

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When many other countries limited iron ore exports, Goa continued to supply Japan. During the 1950s and 1960s India was Japan's biggest supplier and made an important contribution to Japan's post-war iron and steel industry boom. Whilst Japan struggled to penetrate Southeast Asian markets facing opposition as a result of Japan's wartime behaviour, India was an attractive destination.⁶⁷ Furthermore up until the late 1950s, Japan and India's economic systems were relatively similar operating a state system with similar standards of living. According to Esho India was in fact ahead of Japan.⁶⁸

As a mark of recognition for India's goodwill, upon assuming the premiership Kishi chose India for his first official visit. According to Asrani, Kishi was also attracted to Nehru's international prestige and wanted to demonstrate to Washington that Japan had other friends in the region.⁶⁹ Following Nehru's reciprocal visit in 1958, Japan's Foreign Minister established a separate division within the Asian Affairs Bureau called the Southwest Asia Division. Economic relations dominated discussion, particular surrounding yen loans to India which were to be incorporated into India's five-year plan. When Commerce Secretary Dr KB Lall visited Tokyo in 1958, he and his counterpart certified a currency-exchange agreement. On February 4 an 'Agreement on Commerce Between Japan and India' was signed and the President of the Keidanren

⁶⁷ Author's interview with senior official and former Director, *Southwest Asia Division, 2000-02, MOFA* 25 June 2010. This official's career includes Director for Western Europe, the Prime Minister's Cabinet and Deputy Director for G8 meetings. Due to the timing of his tenure, which coincided with 9/11, he spent the majority of his time devoted to Pakistan. One Director of the Southwest Asia Division told the author that almost 80% of his time was spent dealing with India. From 1953, Japan began exporting arms abroad, despite some hostility. This was terminated in 1967 by Prime Minister Eisaku Sato following domestic political pressure, particularly from the Left. Sugio Takahashi, 'Transformation of Japan's Defence Industry? Assessing the Impact of the Revolution in Military Affairs', *Security Challenges*, vol. 4, no. 4 (Summer 2008), pp. 101-115

⁶⁸ As recounted by Esho, Maso Ara, a Japanese historian of India at Tokyo University who was the first scholar the visit in an official capacity after the war wrote in a letter to his new wife about the difference in India's fortunes, noting in particular his amazement at being offered two eggs at breakfast, something impossible in bankrupt Japan at the time. Author's interview with Esho

⁶⁹ Author's interview with Arjun Asrani, *Ambassador to Japan, 1988-92, New Delhi*, 12 March 2011

also visited India. The international structure temporarily provided some 'fertile' years for relations.

IX. The onset of Cold War bipolarity

The honeymoon period, however, did not last. As India's economic direction veered towards a socialist-inspired state-system and Japan's US alliance became engrained, the two nations drifted apart. Economic interaction was severely restrained by India's aversion to foreign trade whilst political developments soured relations. From seemingly promising relations Japan's interests became pragmatic rather than ideological. 'The overriding factor' behind Japan's interest was that Northeast and Southeast Asia were 'effectively off limits'.⁷⁰ As NCR portends, structure outweighed normative concerns.

For the majority of the 1950s Japanese interest centred around compensating and re-engaging with war-torn countries. India gradually 'disappeared' to be allied in all but name with the Soviet Union. In truth India's post-independence relations with the Soviet Union were ambivalent. Relations between Nehru and Stalin were cold, warming only to 'cool' under Khrushchev. In many ways India's leaning towards the Soviet Union was more a result of their increasing unease at the level of military and economic aid afforded to Pakistan by the US.

The 1960s broadened the structural chasm. Nehru's sudden death in 1964 caused severe internal problems and India's stance on the Vietnam War distanced Japanese and Indian

⁷⁰ Taizo Miyagi, 'Looking Beyond Cold War History in Asia', *Tokyo Foundation*, 1 July 2008, <http://www.tokyofoundation.org/en/articles/2008/foreign-and-security-policy/looking-beyond-cold-war-history-in-asia> (Accessed on 08/08/09)

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foreign policy objectives further. By 1966 India was experiencing another balance-of-payments crisis, met by President Johnson's cool response and refusal to offer US bilateral aid.

Overall India's post-war ideology was fundamentally political whilst for Japan, due to the highly politicised nature of its former relations with the region, an economic approach was preferred. Shastri notes a concern in India towards Japan's 'unquestioned loyalty' towards the US as merely 'client state,' despite all of India's efforts.⁷¹

India had reason to suspect Japan of abandoning its previous anti-imperialist stance. When in 1961 Indian armed forces entered the then Portuguese colony of Goa, India expected Tokyo to at least criticise colonisation. In fact Japan's response was mute.⁷² A year later during the India-China border dispute, Japan remained neutral. On Japan's part the altercation of 1962 accelerated Japanese disenchantment with India as a leader of an 'idealistic' non-alignment movement. The following two decades have hence been characterised as 'a dark age for the relationship' when the international structure overpowered the limited normative 'friendship' of previous years.

The Cold War highlighted the 'diametrically opposite political orientations' of Japan and India.⁷³ As India freed itself from colonial rule from Great Britain, Japan restricted its policy for the next sixty years to the US. The policy of '*seikei bunri*', divorcing

⁷¹ Kalam, *Japan and South Asia, Subsystematic Linkages and Developing Relationships*, p. 117

⁷² KV Kesavan, 'India-Japan Relations in the Changing Foreign Policy Perspectives', in Panda and Ando, *India and Japan: Multi-Dimensional Perspectives*, p. 147

⁷³ Murthy, *India and Japan: dimensions of their relations*, pp. 344-345

politics from economic issues was accompanied by gentle moves into leading multilateral industrial and financial institutions with an influential role.⁷⁴

India chose a vastly different course. Invigorated by independence Delhi adopted the political stance of championing the voice of newly independent nations whilst protecting infant industries and shunning international trade. India, keen to limit outside influences from its economy, missed out of Japan's leap into Asia's trade and investment boom.⁷⁵ As Esho comments, Japan and India during the Cold War were largely 'indifferent' to one another due to structure.

X. Prospects by the 1980s

Despite the continuation of Cold War polarity, events briefly reinvigorated interest among Japanese elites. For one the economic reforms introduced by Rajiv Gandhi brought the prospect of commercial activity to the table. Gandhi paid three visits officially and unofficially keen to increase Japanese participation in India's industrial development.⁷⁶ Gandhi held a particular affection for Japan and in 1989, upon hearing of the death of Emperor Showa, announced a three-day mourning period. This gesture was greatly appreciated in Japan.⁷⁷

⁷⁴ Jain, *Distant Asian Neighbours: Japan and South Asia*, p. 10

⁷⁵ Emmott, *Rivals*, p. 28

⁷⁶ According to Eijiro Noda, former Ambassador to India recalls, Rajiv Gandhi personally ensured land was set aside for a Japanese school in Delhi, much to the appreciation of Japanese residents. Author's interview with Noda

⁷⁷ President Venkataraman attended both the funeral of the Emperor Showa and the enthronement ceremony of the new Emperor

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By the late 1980s business delegations from Japan were increasing in size. Japan had made ‘some success in penetrating the Indian economy’⁷⁸ as moves proceeded to combine Japanese and Indian economic strengths. Between 1981 and 1987 trade more than doubled and the number of joint ventures in India tripled.⁷⁹ At the official level Nakasone’s 1984 visit⁸⁰ increased the amount of yen credits granted to India and in 1985 the two governments agreed to aid technology transfer in the IT industry and extend assistance to modernise India’s railways and textile industry.⁸¹

Japanese companies, however, grew increasingly disappointed with India (see Chapter 6). Successful firms such as Toshiba, Sony, Mitsubishi, Honda and Nissan tried to penetrate the market but soon abandoned after heavy losses. Companies assumed the case of Suzuki could be repeated, only to face severe bureaucratic and infrastructural obstacles. Japanese interest remained muted and soon ‘withered as the reforms [of Rajiv Gandhi] themselves’.⁸² By the end of the century’s penultimate decade, India was facing yet another economic crisis.

From the geo-strategic perspective and NCR’s adherence to structural importance, the Soviet intervention in Afghanistan during the 1980s⁸³ reawakened Japanese

⁷⁸ Deborah L. Haber, ‘The Death of Hegemony: Why “Pax Nipponica” Is Impossible’, *Asian Survey*, Vol. 30, No. 9 (September, 1990), pp. 892-9

⁷⁹ Haber: *Directions of Trade Statistics Yearbook 1988* (Washington, D.C.: International Monetary Fund, 1988), p. 534. Indian exports to Japan went from \$557 to \$1,405 million, and Indian imports from Japan grew from \$880 to \$2,175 million between 1981 and 1987. Also *Xinhua*, August 11, 1987, Indo-Japanese joint ventures increased from 34 in 1980 to 108 in 1986.

⁸⁰ At first the hope from Japan had been for Indian support at grouping such as the G7 but it was soon clear that political progress was unachievable.

⁸¹ Haber: O.P. Sabherwal, ‘Nakasone Visit and After,’ *Mainstream*, May 12, 1984, p. 5; *Economic Times*, November 30, 1985, p. 1.

⁸² Limaye, ‘Japan and India after the Cold War’

⁸³ The conflict between the Soviet Union and Islamist mujahedeen resistance lasted a total of ten years, from December 24 1979 to February 15 1989

policymakers to the strategic importance of India.⁸⁴ Yet despite the fact that the US was attempting to manage relations with India and Pakistan concurrently, Tokyo made little effort to strengthen political ties.⁸⁵

What is important, as NCR appreciates, is the perception which practitioners of Japan's foreign policy held towards India. The extent to which India 'depended' on the Soviet Union is open to debate but the fact that the majority of Japanese diplomats perceived of there being a 'reliance'⁸⁶ limited Japan's ability to cultivate relations with its ally's adversary.

XI. Post-Cold War

The shattering of Cold War bipolarity presented an overdue opportunity to forge closer ties. Both governments had the chance to develop independent foreign policies free from Cold War perceptions 'borrowed from other nations.'⁸⁷ In 1991 India introduced a 'Look East' policy and radically restructured its economy through liberalisation. The structural conditions were therefore made but as this thesis's NCR model maintains, whilst structure is essential it has to be filtered through policymakers' perceptions and account for intervening domestic-level influences.

The end of the Cold War and introduction of economic reforms provided vital structural conditions for greater interaction between Japan and India. However since the

⁸⁴ This has been identified by Inoguchi as a milestone in Japan's recognition of India and the South Asian region

⁸⁵ Nakasone visited India and Pakistan in the hope that Japan could represent the interests of developing countries at forums such as the G7 but little was achieved. The major objective of the visit turned out to be improving economic, rather than political links.

⁸⁶ Author's interview with Satoh

⁸⁷ A Madhavan, 'The Post-Cold War Equations', Kanwar ed., *India-Japan: Towards a New Era*, p. 40

'transmission belt' of policy is jagged, other influences most notably in India's domestic stability, unsettled an immediate post-Cold War rapprochement. Instability in South Asia or more precisely the perception of instability in the wake of the Ayodhya Crisis, bomb-blast in Bombay Stock Exchange and plague scare in Gujarat, confirmed Japanese fears that economically India was an unsafe destination for investment as well as a political minefield.⁸⁸ The continuing strife with Pakistan gave the strong impression that India would be economically challenged for many decades.

XII. Conclusions

From the above overview a number of issues stand out; 1) structural factors provide the overwhelming reason for Japan's distance from India. 2) Japan and India have predominantly interacted on an informal level. 3) Economic interests have previously blossomed but been disrupted by external structural events as well as India's closed economic system. Whilst official Japanese rhetoric speaks of a sense of closeness to India, the reality of relations has depended on pragmatic interests.

As Japan has constantly appreciated since the cessation of its imperialist agenda, historical animosity can place severe challenges on political relations. However whilst the lack of animosity removes one hurdle, it also means that Japan and India without considerable shared experience, falter when seeking common understanding.

India has figured only on the periphery of Japan's world view. The exchanges of intellectuals and religious ideas whilst useful rhetorically, has not translated into

⁸⁸ Chintamani Mahapatra, 'Changing Role of Japan and India in International Affairs', Panda and Ando, *India and Japan: Multi-Dimensional Perspectives*, p. 135

sustainable economic or political partnership due to the absence of a favourable structural environment. The complementarity voiced during the late 1940s and 1950s is often utilised by those keen to augment Indo-Japanese economic contact, as are the spiritual links despite the fact that Buddhism has long been on the decline in India.⁸⁹

Few in Japan realise the importance of India during the post-war era in particular and few bureaucrats consulted for this study point to genuine episodes of Indo-Japanese partnership as rationale for closer present-day ties. Overall the above outline of Japan's historical relationship with India points to the pragmatic nature of Japan's interest which has sought Indian partnership when the economic and strategic benefits have proved attractive.

The remainder of this thesis will concentrate on three primary threads of Japan's diplomacy towards India. The economic incentive has been considered paramount and will be the focus of the next chapter. How Japan has balanced its traditional 'nuclear allergy' when engaging with a non-NPT signatory occupies the following chapter, before analysis of Japan's security interests in India provide the final case study. By employing NCR and extensive interview evidence, the variety of influences will be made evident with the ultimate conclusion pointing towards the necessity of structural pressures, tempered by unit-level factors.

⁸⁹ According to many Hindu nationalists, the Buddha was merely another incarnation of the Hindu god Vishnu. However, where Buddhism remains strong, particularly in West Bengal, Japan's relations with India have been strongest

6. Japan's Economic Interest and Interaction with India

Japan's limited diplomatic dealings with India cannot easily be delineated from economic initiatives. Japan's interest in India has been influenced, certainly initially, by economic interest, providing the backbone to Japan-India ties. Japan's policy choices have not solely been shaped by strategic incentives but in parallel with economic objectives. Whilst at times political strategy has provided the public face of Japan-India cooperation, behind the scenes the economic imperatives of engaging with India have provided another major impetus.

This first case study will analyse the economic dimension of Japan's interest in India. The chapter will analyse the reasons behind economic indifference during much of the latter half of the twentieth century before looking at the areas in which Japan has recently used economic cooperation in the form of aid, investment and trade to improve relations on a wider scale. Among the additional questions is how India's economic growth has been interpreted in Japan and how this has translated into policy strategies. Behind the rhetoric of opportunities, it is important to qualify such statements with analysis of how and why cooperation was not possible in the past and how Japan's economic engagement factors into Tokyo's wider strategy.

The chapter will begin with an overview of Japan's historical economic interests before turning to contemporary interaction. Japan's assistance following India's 1991 balance-of-payments crisis when the door to greater engagement was opened is then reviewed, followed by the impact on economic relations of the nuclear tests of 1998 which

brought a further dip. The events of 9/11 and subsequent lifting of sanctions are then addressed. A further external stimulus from ROK's success in India is also identified as an important structural factor behind Japan's reappraisal of India's economic merit.

In Chapter 5 it was noted how during the post-war era, the two nations held healthy economic relations. However during the Cold War, Japan and India followed diametrically opposed economic models. Rather than the political affinities explaining Japan and India's deviation from one another in these decades, differing economic systems provided the major structural obstacle.

Japan has primarily viewed India as an ODA destination rather than trade or investment partner. Indeed ODA has represented the major concentration of Japanese efforts during the period of study. With this in mind the remainder of the chapter divides into two. The first section will explore Japan's ODA strategy towards India whilst the second looks at private initiatives (supported by the Government of Japan). Regarding ODA the chapter will address how Japan has channelled its ODA to improve the infrastructure and business environment to facilitate the entry of Japanese firms and stronger diplomatic ties which greater interaction might produce. The section will also identify obstacles, successes and the decision-making process.

For the second section, trade, investment (FDI) and projects such as the DMIC will be the focus. Trade has long been one of the weakest areas of interaction but hopes are high following the signing of a Comprehensive Economic Partnership Agreement (CEPA) in February 2011.⁹⁰ The background to this deal is discussed with analysis of

⁹⁰ This agreement is also referred to as EPA, omitting the 'comprehensive' prefix in Japan whilst CEPA is preferred in India.

its likely impact as well as what the signing of the Japan-India CEPA demonstrates about Japan's approach to free trade and economic diplomacy. The auto industry, pharmaceuticals and IT sector are among those believed to show greatest promise and are examined in detail with special reference to the unique success of Suzuki in the Indian market.

India also acts as an 'insurance policy' for Japanese firms wary of China's long-term stability. Japan's India's policy therefore highlights the shift in economic strategy from one dependent on first Southeast Asia, followed by China, to one where multiple emerging markets are wooed. The economic dimension of Japan's India policy has also gained greater salience as official government rhetoric has retreated from overt political overtones discussed in Chapter 8. The financial crisis from 2007 onwards also shifted perceptions from predominantly political/strategic concerns in light of the post-9/11 era towards one where 'economic diplomacy' takes centre stage.

Within the thesis' NCR framework, the primacy of structural factors is apparent through an examination of the importance of India's economic stature, the need to diversify from the Chinese market and competitive profile of ROK. Based on these issues Japan's economic interest appears inevitable and self-evident. Yet despite the rhetoric of matching economies the reality is very different from the hypothetical. Regardless of the existence of structural complementarities, Japan and India have not exploited these chances fully. The reasons for reticence must therefore be traced to additional intervening factors which have challenged structural forces. Primary among these has been the perception of India's inadequacy as a market for Japanese investment. Japan's peculiar approach to business which traditionally avoids risk has also played a part, in

addition to several complaints which have not yet been suitably addressed by the Indian government regarding among others; infrastructure, tax and labour laws.

Private firms, METI and JETRO have all been slow to adjust to India's sustained economic growth. Politicians too have hesitated to see India as an economic partner. Only once this barrier was weakened by reports such as that by Goldman Sachs in 2003 and ever-greater evidence of India's sustained growth, has economic engagement taken a rising trajectory. The efforts of the Japanese governments have been instrumental nonetheless in alerting the business community, on whom responsibility for improving economic ties lies.

I. India's 1990-1 economic crisis – an opportunity for Japanese action

The 1990s represented the first time India looked seriously towards East Asia. The end of the Cold War brought dramatic change to India's orientation with a new opportunity to define its international role and distance itself from the Soviet experiment. India's shift, however, was primarily necessitated by economic near-calamity when concurrently Japan was able to make the first positive move towards India for decades. Structural changes therefore brought the two together.

For much of the century following independence, India maintained a tightly regulated 'Licence Raj' in which foreign investment was vehemently avoided. During these years India achieved a steady growth of around 3.5%;⁹¹ the 'Hindu rate of growth'. A small

⁹¹ A cautionary note is necessary here since states and institutions measure economic figures according to different criteria making comparison complex. India for example reports GDP growth according to the fiscal year rather than the calendar and calculates based on income gained from factors of production whilst China using expenditure. According to *The Economist* this means that taxes and subsidies

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number of Japanese businesses attempted to enter the market but the Cold War distraction and frequent failing of initiatives, hardened opinion.⁹² By the late 1980s, India's experiment with a socialist economic system reached crisis point.⁹³ A rising fiscal deficit and overvaluation of the rupee forced Rajiv Gandhi to introduce some minor liberalisation reforms but none was great enough to stave off the balance-of-payments (BOP) imbalance, which by 1990-91 had reached possible catastrophe. India's foreign exchange reserves reached near depletion to the extent it was said that India had only enough funds to finance two to three weeks worth of imports.⁹⁴

India under the new leadership of P.V. Narashimha Rao with Manmohan Singh as Finance Minister was determined to avoid seeking IMF support and indeed sought bilateral assistance. Taiwan reportedly refused the petitions of the Indian Minister of Commerce but Japan acquiesced⁹⁵ providing an emergency loan (with the UK) of \$300m.⁹⁶ The IMF soon provided the bulk of support for recovery whilst demanding India pledge 67 tonnes of its gold reserves in exchange.

Singh, Prime Minister since 2004 often remembers this act on visits to Japan but Japan's intervention was not strategic with closer relations foreseen as a result. Instead the effort was part of Japan's aid programme, in-keeping with the objective of assisting

complicate the results. 'India v China: The X factor', *The Economist*, 20 April 2011, <http://www.economist.com/node/18586836> (Accessed on 20/04/11)

⁹² Author's interview with Sanjeev Sinha, *Founding President, Sun & Sands Advisors* 22 June 2010

⁹³ Political shocks, both external and domestic, heightened the crisis with various internal disputes (three changes of government in two years), the dissolution of the Soviet Union, unification of Germany and Iraq's invasion of Kuwait in August 1990 and subsequent oil shock. This latter event hit India's economy particularly hard due to India's dependence on crude oil supplies and intake of remittances from workers who returned to India.

⁹⁴ Arunabha Ghosh, 'Pathways Through Financial Crisis: India', *Global Governance* 12 (2006), p. 415

⁹⁵ Author's interview with Srikanth Kondapalli, *Professor of Chinese Studies, JNU, New Delhi*, 1 March 2011

⁹⁶ 'A New Era of Japan-India Relations', p. 3

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developing countries in need.⁹⁷ India's government had to practically 'beg' Japan for financial support. According to Gurumurthy, India's Foreign Minister was forced to wait in a hotel lobby for his Japanese counterpart, only to be brushed aside to speak with the Vice Minister, a bureaucratic and lower-ranking representative.⁹⁸ Nevertheless the episode marked an important turning point in relations, not least the perceptions of elites in Delhi. Thereafter India launched a new economic strategy, providing the major structural impetus for Japan's renewed interest in the region.

II. 1990s – Limited economic progress through 'turbulent' times

Economic reforms took several years to lure Japanese businesses to the Indian market. Liberalisation was a process rather than an event, which continues to this day. By 1995 the environment was free enough to encourage a small number of Japanese firms to enter. Of those who took the risk, however, most left abruptly following India's nuclear tests in 1998. The tests and Japan's subsequent reaction as a result, cost the relationship at least two years of progress. As Ambassador Hirabayashi commented at the time, the introduction of a 4% additional customs duty also led foreign investors to adopt 'a cautious wait and watch attitude while others like the FIIs [Foreign Institutional Investors] are even pulling out of the country.' The attraction of the India market had furthermore been 'worsened by *swadeshi* rhetoric'.⁹⁹

⁹⁷ Author's interview with Sugio and Sahdev

⁹⁸ Author's interview with Ramamurthy Gurumurthy, *Senior Research Fellow, Indian Institute for Economic Studies* 17 May 2010. The IIES is a quasi-academic institution and consultancy affiliated with Waseda University and headed by Eisuke Sakakibara

⁹⁹ 'Swadeshi' refers to the approach taken by the Indian independence movement to improve India's self-sufficiency by boycotting British goods 'Japan does not recognise India, Pak as N-weapon states,' *Rediff News*, July 3, 1998, <http://www.rediff.com/news/1998/jul/03bomb.htm> (Accessed on 13/10/10)

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The number of firms established in India in 1998 was meagre. The imposition of sanctions or ‘economic measures’, was not therefore considered by MOFA to represent a significant cost to Japanese industry. The predominant economic instrument was ODA and in 1986 Japan became India’s largest bilateral provider.¹⁰⁰ By 1988 the US was only ninth.¹⁰¹

The nuclear tests threw Japan’s ODA projects into immediate disarray. JICA (Japan International Cooperation Agency) officials were holding a concluding appraisal session on day of the tests, having to cut short their meeting to return to Tokyo to decide a course of action. According to officials stationed in India, the period was ‘turbulent’ and ‘depressing’.¹⁰² Relations had been on a rising trend with several projects in operation. Many staff assumed the sanctions would continue indefinitely and sought ways to identify bottlenecks and continue their work in India. For example Japan decided not to curtail the Delhi Metro project which was paid for through ‘time-sliced loans’.¹⁰³ Japan’s ambassador sought to clarify the purpose of economic ‘measures’ not to ‘penalise’ India but rather an ‘expression of dismay and disappointment,’¹⁰⁴ leaving the door ajar for renewed engagement.

India’s economic prospects were also damaged by internal conflict. In the latter months of 2001 international attention was brought to the subcontinent when India’s parliament was attacked. Large scale mobilisation of troops to India’s border areas followed as

¹⁰⁰ India’s second-biggest donor is said to contribute half of Japan’s commitments. Author’s interview with Suzuki

¹⁰¹ Sourced from New York Times, 21 April, 1988, p. A6 in Haber, ‘The Death of Hegemony’, pp. 892-9

¹⁰² Author’s interview with Shohei Hara, *Director, South Asia Division, JICA* 18 June 2010. Hara’s family was also involved in Indian business

¹⁰³ Author’s interview with Hara

¹⁰⁴ ‘Japan does not recognise India, Pak as N-weapon states’

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fears grew of a fourth Indo-Pakistan war. General Musharraf assumption of power in Pakistan also unnerved onlookers.

Despite the efforts of Japanese diplomats, few Japanese firms were willing to enter such a volatile market. President Clinton's successful visit to India in April 2000 reversed the 'tilt' towards Pakistan¹⁰⁵ yet this was insufficient to promote an upswing in trade and investment. Whilst the political environment had been improved to allow for greater Japan-India interaction therefore, the reality economically was much harder to pursue. It was evident that far more than just diplomatic overtures were needed to encourage Japanese stakeholders.

III. The lifting of sanctions

Japan's inability to act independently was evident when despite the wishes of the majority of MOFA, political goals of leadership and pressure from the US triumphed in the timetable of sanctions imposed on India following the 1998 tests.

Japan remains unsure of the extent to which their sanctions damaged India but knew that with other nations they sent a clear message of displeasure. Their sustained impact, however, was less evident. As one senior official noted, 'collectively sanctions were effective but Japan couldn't act alone'. One senior official noted that sanctions had 'functioned' for two years but thereafter had become a 'burden' and no longer an instrumental diplomatic tool.¹⁰⁶

¹⁰⁵ According to Talbott and the 'nearly universal verdict of Indian commentators at the time', Clinton's visit was 'one of the most successful such trips ever'. Talbott, *Engaging India*, p. 193

¹⁰⁶ Author's interview with senior official and former Director, *Southwest Asia Division, 2000-02, MOFA* 25 June 2010

The decision to lift sanctions on India and Pakistan was lead by the US but the topic was discussed at length in the Diet.¹⁰⁷ Bureaucrats interviewed agreed that the rationale rested on the changing global system following 9/11, demonstrating the importance of structure in Japan's decision-making. As one MOFA Director admits, Japan's move was not because India had done anything good for disarmament but since the 'global situation had changed'.¹⁰⁸

The decision was not solely due to 9/11. Japan had been looking for a reason to ease the 'economic measures' almost as soon as they were imposed. In February 1999, just ten months after the Indian tests, thirteen states met in Tokyo to discuss restarting World Bank economic assistance¹⁰⁹ chaired by a Japanese official.¹¹⁰ The outcome of discussions was never really in doubt, briefed as they were by Talbott on the progress made in negotiating with both India and Pakistan on non-proliferation.

Officials were also aware of how the decision would play domestically, demonstrating the role which unit-level considerations play. In a sense, Japan could point to 'success' in the form of India's verbal moratorium on future tests but only the global shift as a result of 9/11 focusing on security in South Asia provided the excuse acceptable to the Japanese public. Even then MOFA was wary. As one senior official explained, the

¹⁰⁷ Author's interview with senior official, *Embassy of Japan, London, served in Delhi 1993-96, 2006-09* 20 April 2010

¹⁰⁸ Author's interview with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010. The decision in the US was similarly based on pragmatic calculation. As Talbott states, sanctions had 'long since passed the point of diminishing returns.' As the White House commented, 'waiving these sanctions does not reflect a diminution of our concerns over nuclear and missile proliferation...rather it reflects a considered judgement that we are more likely to make progress on our non-proliferation agenda through a cooperative relationship in which sanctions are no longer an issue.' Talbott, *Engaging India*, p. 213

¹⁰⁹ These talks were held at the senior official level between the G8 nations (Britain, Canada, France, Germany, Italy, Japan, Russia and the US) in addition to Argentina, Australia, Brazil, Ukraine and ROK. 13 powers to discuss sanction easing for India, Pakistan.

¹¹⁰ Nobuyasu Abe, Director General for arms control and scientific affairs at the Japanese Foreign Ministry

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word ‘*teishi*’ (suspension) was avoided in preference for the more tentative term ‘discontinue’. ‘Abolish’ would have been impossible.¹¹¹

By the next millennium the international structure was only slightly more hospitable to engagement. The prospect of nuclear cooperation was not raised (at least officially) in the talks Mori held to neutralise the 1998 diplomatic nadir in preference for more practical initiatives, primarily focused around the IT sector. It was thus India’s economic profile rather than political structure which reawakened Japan to India’s advantage.

IV. Reassessment of India’s economic worth

When Wilson and Purushothaman asked in 2003, ‘Are you ready?’ in their groundbreaking Goldman Sachs’ report on the future state of the world economy,¹¹² the answer from Tokyo was an uncomfortable ‘No’. Few in Japan and further afield had expected the conclusions to have been quite as stark as they were.

The authors not only predicted that the ‘BRICs’ (Brazil, Russia, India and China) would overtake the G6¹¹³ in dollar terms by 2040 but most acutely heard by onlookers in Tokyo that India’s economy could be larger than Japan’s by as early as 2032.¹¹⁴ India was identified as the country likely to show the most growth despite having the most

¹¹¹ Author’s interview with senior official and former Director, *Southwest Asia Division, 2000-02, MOFA* 25 June 2010

¹¹² D. Wilson and R. Purushothaman, ‘Dreaming With BRICs: The Path to 2050’, *Goldman Sachs*, Global Economics Paper No, 99, October 1, 2003, p. 17

¹¹³ This includes the US, Japan, Germany, France, Italy and the UK though the term itself is no longer used, in preference for G7 or G8.

¹¹⁴ *Ibid.* p. 14

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‘work to do’ in certain areas.¹¹⁵ With the qualifier of good governance and institutions, India emerged from its colonial image as one of the future winners of globalisation. Whilst India’s projected real GDP growth in coming years was estimated between 5.9 and 6.1%, Japan’s wavered around 1%.¹¹⁶ The report did not discount Japan as an important power, indeed of the current G6 only the US and Japan were predicted to remain in the top six economies. But the report marked the next stage of Japan’s gradual reassessment of India and beginning of more concerted efforts to actively engage. Whilst Brazil and Russia were less keenly pursued, Japan’s new India policy emanated in part from this report.¹¹⁷

India’s economy, once the major barrier to interaction between Japan and India, now represented the centrepiece of Japan’s ‘second wave’ of interest. With reports that India would be the fastest growing economy by 2012,¹¹⁸ Japanese firms and government sought to bolster this aspect of relations. The global reassessment of India is predicated on its remarkable growth, forming the basis of Japan’s strategy of engagement.

India’s existence on Japanese exporters’ radar was highlighted further following the launch of talks for an India-Thailand FTA (a precursor to the India-ASEAN FTA signed in August 2009). Since several Japanese goods are assembled in production bases in Thailand, they too could benefit from an ‘Early Harvest’ Programme wherein tariffs have been removed from several items. India is now almost fully integrated into

¹¹⁵ For example in expanding education

¹¹⁶ Wilson and Purushothaman, ‘Dreaming With BRICs: The Path to 2050’

¹¹⁷ Author’s interview with Madoka Koda, *Senior Economist, Japan Center for International Finance* 29 June 2010. The JCIF is a non-profit research institute funded by members such as banks, trading companies and manufacturers. The organisation conducts country-risk assessments, mainly in developing countries. Koda is responsible for India, Bangladesh and Sri Lanka but 80% of her attention is on India but is expected to rotate her role every three years.

¹¹⁸ ‘India to be world’s fastest growing economy by 2012: Report’, *Indian Express*, 15 November. 2010, <http://www.indianexpress.com/news/india-to-be-worlds-fastest-growing-economy/711629/> (Accessed on 15/11/10)

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conceptions of the Asian economy. As India's relations with ASEAN and China have grown in the economic field, Japan has been unable to ignore India's presence.¹¹⁹ As India's Finance Minister P. Chidambaram, told delegates at Davos in January 2006, 'You can't afford not to engage India.'¹²⁰

India's 'growth potential' is frequently cited as another key attraction,¹²¹ particularly within the middle class whose consumer power is eyed by many. Between 2001 and 2009, the grouping grew on average at 12.9% a year to constitute 12.8% of all Indian households.¹²² In the short to medium term this domestic demand is where Japanese companies see the most potential. In the longer term the hope is that India, as an ideal geographic link to Europe and the Middle East, can serve as a manufacturing hub but India has not yet proved itself a viable export platform.¹²³ India also aspires to this function hoping to form a similar supply chain model as seen in China and ASEAN.¹²⁴

Interest in India in the new millennium was thus not only due to geopolitical shifts. The influence was also economic. Even after liberalisation, which had begun nine years earlier in 1991, India's economy was considered largely insignificant. Yet as Urata notes, the 'payoff from the reforms was most dramatic after 2000'.¹²⁵ Whilst economic

¹¹⁹ Author's interview with A. Tanaka

¹²⁰ 'You can't ignore us anymore: PC to World,' *Express India*, 30 January, 2006, <http://www.expressindia.com/news/fullstory.php?newsid=62204> (Accessed on 04/05/09)

¹²¹ Geethanjali Nataraj, 'India-Japan Investment Relations: Trends and Prospects', *ICREIR*, Working Paper No. 245, January 2010, p. 9

¹²² Shujiro Urata, 'The Indian Economy: Growth, Challenges and Regional Cooperation', *Asia Research Report 2009, Japan Center for Economic Research*, March 2010, <http://www.jcer.or.jp/eng/pdf/asia09intro.pdf>, p. 5

¹²³ Author's interview with Koda

¹²⁴ Author's interview with Senior Indian MEA official

¹²⁵ Shujiro Urata, 'How India's Dynamism Can Energize Japan – Cooperating on Infrastructure and Environment to Clear the Way for Growth', *Asian Research Report 2009, Japan Center for Economic Research*, March 2010, <http://www.jcer.or.jp/eng/pdf/nikkei100115.pdf> p. 2

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growth averaged just below 6% a year between 1991 and 2003, from 2003-2007 the rate was more than 8%.¹²⁶

The global financial crisis from 2008 also placed India in a favourable light. The US banking failure was not initially considered a crisis for Japan.¹²⁷ However when the downturn kicked in, Japan felt the pain contributing a whole percentage to the global GDP shrink of 4.2% in the first quarter of 2009. Meanwhile the Indian economy was relatively unscathed. Growth rates have continued to impress, standing at 8.9% in the second quarter of 2010.¹²⁸ According to the IMF, India's economy grew a total of 10.4% on the previous year, outpacing even China.¹²⁹ The 'Lehman shock' whilst also accelerating China's rise, according to a METI official also alerted Japan away from the US market towards India.¹³⁰

In tandem with economic dynamism, India has also shown greater interest in global affairs. As Ambassador Enoki noted, 'We observe that India is now attempting to shift in her diplomatic stance of a 'labour union leader' to that of an 'executive of the world management' status.¹³¹ India's 'Look East' approach to break out of the South Asia 'box' has already yielded some positive dividends, including membership of the ARF, ASEAN+3 and the conclusion of FTAs with Thailand, Singapore¹³² and now Japan and ROK. In 2010 alone India improved its status within the IMF through greater voting

¹²⁶ Ibid.

¹²⁷ With the collapse of Lehman Brothers, Japanese firms such as Mitsubishi UFJ Financial Group were able to purchase 21% of Morgan Stanley and Nomura Holdings took over the Asia-Pacific and European operations of Lehman Brothers.

¹²⁸ Jagdish Bhagwati, 'Indian growth has lifted all boats', *East Asia Forum*, 16 January, 2011, <http://www.eastasiaforum.org/2011/01/16/indian-growth-has-lifted-all-boats/> (Accessed on 16/01/11)

¹²⁹ 'The Hindu rate of self-depreciation', *Economist*, 20 April 2011, <http://www.economist.com/node/18586958> (Accessed on 20/04/11)

¹³⁰ Author's interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010

¹³¹ Former Ambassador Enoki cited in Satu Limaye, 'Japan and India after the Cold War', p. 225

¹³² For Singapore the FTA was a 'win-win' deal. Author's interview with Sakikibara. Singapore is India's top investor and one of the primary supporters of the East Asia Summit over other regional groupings.

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rights and firmly established itself as a key member of the G20. Japan has therefore greater need to work closely with India in multilateral forums.

Nevertheless without a solid industrial framework, Japanese investors have been deterred from FDI in sectors such as manufacturing, which have proven profitable in China and Southeast Asia. Japanese firms have enjoyed a certain ‘pampering’ in these markets and hoped to receive a similar ‘free rein’ in India.¹³³ This has not been forthcoming. Before India can become a manufacturing hub, a number of alleged complaints need to be resolved. Several are valid concerns, however, in keeping with this thesis’ NCR framework by looking at how the perceptions of those engaging with India interact with structural conditions the nature of Japanese policy can be appreciated.

V. Japan’s complaints¹³⁴

Delegations to India have not been shy in letting their feelings known to Indian officials. Indeed Japan has long complained to India of its faults as an investment destination. In 1992 the report of the 100-strong Japanese Economic Mission to India listed many of the same problems present-day businesses urge for reform.¹³⁵ The *Keidanren* were sufficiently confident however to state in 1995 that ‘Japan aims to be

¹³³ Author’s interview with Jagmohan Chandrani, *Community Leader, Japan* 26 June 2010

¹³⁴ These problems afflict Indian companies as well of course. Author’s interview with Gurusurthy

¹³⁵ In the January 1992 Report of the 100-Member Japanese Economic Mission to India, the following proposals were made to the Government of Japan: ‘Promoting of frank exchange of opinions, strengthening of ODA etc, flexible operation of trade insurance, active support for the expansion of investments, promotion of personnel and cultural exchanges and establishment of permanent medical clinic with J doctors.’ For the private sector objectives were identified as ‘the promotion of investments, expansion of flight networks and promotion of surveys in such areas as investment opportunities.’ Rokuro Ishikawa, ‘Report of the 100-Member Japanese Economic Mission to India in January 1992 LED’, *India and Japan: Toward a New Era*, (Delhi, UBS, 1992), pp. 157-160

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the biggest investor in India by 2000.¹³⁶ It was not to be, however, so much so that by in 2010, whilst referring to India as a ‘long term partner and friend’, the Japan Chamber of Commerce and Industry (JCCI) maintained their earlier charges.¹³⁷ In 2010 for example the JCCI still considered visas as the second item of a list of ‘Suggestions for Government of India’.¹³⁸ These were later slightly relaxed during Singh’s October 2010 visit to Tokyo.

Japan’s petitioning to Indian officials has not been welcomed in India. As one report by the Machinery Export Association of Japan showed, the number of complaints regarding FDI to India was ‘unproportionately [sic] big for its relatively small FDI accomplishments from Japan’.¹³⁹ In fact as alluded to above, regarding the changing balance of power between Japan and India, economically many in India have grown to resent or become frustrated with Japan’s constant calls for reform.

Economic delegations provide the opportunity for potential investors to learn about India’s investment environment. However despite frequent ‘fact-finding’ missions,

¹³⁶ *Asahi Evening News* 1 February 1995 in Ibid.

¹³⁷ Japan is also the only country to have a Chamber of Commerce just for Japanese rather than with the home country. Author’s interview with Asrani

¹³⁸ According to the report, ‘As the economic interactions between India and Japan have become more intense, the number of Japanese companies in India is increasing rapidly, and the visa problems are becoming all the more serious. We request the following measures: To extend the duration of validity by 3 years for employment visas, to remove or relax the limitations of employment visa for foreign personnel to the extent of the 1% of the total persons employed on the project, to flexibly relax the 2 year stay requirement when one applies for business visa or employment visa from Indian mission in the third countries.’ ‘Suggestions for Government of India by Japan Chamber of Commerce and Industry in India (JCCI), *India Embassy of Japan*, April 5, 2010, http://www.in.emb-japan.go.jp/Japan-India-Relations/2010_.pdf Visa rules were somewhat eased in late 2009 following Hatoyama’s visit. ‘India, Japan look to ease visa rules to boost trade’, *Daily Times, Pakistan*, December 30, 2009, http://www.dailytimes.com.pk/default.asp?page=2009\12\30\story_30-12-2009_pg5_35 (Accessed on 02/01/10)

¹³⁹ Toshihiko Kinoshita, ‘How to promote FDI in India through lessons in East Asia?’ *Paper presented at seminar on FDI in India, cosponsored by FICCI and JETRO*, December 20, 2000, <http://homepage3.nifty.com/tkinoshita/research/pdf/NewDelhi.pdf> p. 8 The Federation of Indian Chambers of Commerce and Industry (FICCI) was established in 1927 and is the largest business organisation in India.

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hopes for tangible results have steadily decreased.¹⁴⁰ Several Japanese trade missions have visited India but through uncoordinated efforts (separate delegations from the Agriculture Ministry and JETRO for example) little has been agreed. When Abe made his state visit to India from August 21 to 23, 2007 he was accompanied by a 200-strong delegation of Japanese business leaders. The hope was to stir interest in India as an investment destination. Nevertheless not one business deal was struck as a result of the visit.¹⁴¹

Furthermore it has been noted that whilst visits have been frequent, delegations often consist of submitting complaints, creating an unfavourable impression of Japanese business. As one METI official laments, these missions are plagued by Japanese practice which defers decision-making so that delegations simply follow the Prime Minister on his tour.¹⁴² JETRO offices in India are also said to be frustrated by repeated ‘wait and see’ conclusions¹⁴³ and Indian commentators note Japan’s ‘excruciatingly slow’ decision-making¹⁴⁴ and absurd excuses for inaction.¹⁴⁵ Prime Minister Singh is said to have compared Japan’s inertia with that of China where a deal worth \$3bn can be agreed in just five minutes.¹⁴⁶

¹⁴⁰ Author’s interview with Go Yamada, *Senior Economist, Japan Center for Economic Research* 25 June 2010. JCER is affiliated with *Nikkei* and 100% private but from 2010 has become a public institution

¹⁴¹ Author’s interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010. This contrasts particularly with 2010 when a Chinese delegation visited India with Premier Wen Jiabao and \$16 bn worth of deals was struck and \$10 bn when President Obama visited earlier that year. Kevin Rafferty, ‘Indian elephant too slow for the Chinese dragon’, *Japan Times*, January 4, 2011, <http://search.japantimes.co.jp/cgi-bin/ao20110104a1.html> (Accessed on 04/01/11) Abe’s visit was also overshadowed by the global debate over the US-India civil nuclear agreement..

¹⁴² Author’s interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010

¹⁴³ Author’s interview with Koda

¹⁴⁴ Author’s interview with Seth

¹⁴⁵ Author’s interview with Sahdev

¹⁴⁶ Author’s interview with Kondo

i. *India's shortcoming as an investment destination*

Japan's hesitancy has been based on some reasonable foundations. Among the major obstacles to developing business identified by JETRO are: diverse languages, cultures and laws across the country, high tariffs, limited production sites (due to poor infrastructure) and use-restrictions and strong local competitors.¹⁴⁷ India's tax system is also described as 'cumbersome and complicated'.¹⁴⁸ Firms have to deal with some poorly-skilled and unproductive labour and the presence of strong domestic companies like Tata, which make foreign firms' operation difficult. Unlike ASEAN and China where foreign firms receive some preferential treatment, in India domestic competition is strong. Deregulation is slow as firms claim that seemingly endless bureaucratic red tape deters investors, unclear over the differences in business practices across states and administrative regions. In some cases no matter what efforts are made at the centre to improve India's investment environment, bureaucracy at the state level intervenes.¹⁴⁹ As Rafferty commented, India is an 'elephant that walks slowly.'¹⁵⁰

ii. *Infrastructure*

Poor infrastructure has been the major cause of complaint. According to a 2006 JBIC study, inadequate infrastructure was the primary bottleneck.¹⁵¹ Indeed India's record is

¹⁴⁷ 'Japanese Manufacturers in the Indian Market Move to Secure Their Lead', *Nikkei Business*, April 20, 2010, <http://business.nikkeibp.co.jp/article/eng/20100420/214079/> (Accessed on 19/03/11)

¹⁴⁸ 'Suggestions for Government of India by Japan Chamber of Commerce and Industry in India'

¹⁴⁹ Author's interview with Satoh

¹⁵⁰ Rafferty, 'Indian elephant too slow for the Chinese dragon'

¹⁵¹ 'Issues in Promising Countries and Regions', Survey Report On Overseas Business Operations by Japanese Manufacturing Companies - Results of JBIC FY 2006 Survey: Outlook for Japanese Foreign Direct Investment (18th Annual Survey), November 2006, <http://www.jbic.go.jp/en/about/press/2006/1122-01/houkokusyo.pdf> p. 21 JBIC is a policy-based financing institution, established in October 1999 to provide ODA loans and promote external economic cooperation.

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globally dire, especially considering the promise reported for India's economy. According to the World Economic Forum in 2010 India ranked 89th out of 133 in infrastructure, 89th for road quality, 90th for ports, 65th for air transport and 106th for quality of electricity supply.¹⁵² In no Indian city is water available 24 hours-a-day and whilst China contains 3.75m km of highways, India has only 67 000km. When improvements are proposed, 70% are stalled because of land acquisition delays, which India has been unable to adequately address.¹⁵³ As one Japanese ambassador noted, whilst China in the 1990s was embarking on ambitious construction projects, India was yet to run a highway.¹⁵⁴ A lack of department stores, supermarkets and quality hotels was also cited as hindrances by businessmen who ventured early into India. In 1995 Taisuke Shimizu of the Bank of Tokyo said, 'A lot of Japanese firms would be interested to invest in India if they could be sure there were proper facilities – roads and communications – available to them,'¹⁵⁵ a claim repeated over a decade later by Japanese investors and Saiki, Japan's current ambassador.¹⁵⁶ In addition, in the WB's annual report, 'Doing Business 2011' India ranked 134th position of the 183 covered.¹⁵⁷ This represented an increase of just one place since 2010.

¹⁵² Kevin Rafferty, 'Failings of Indian infrastructure', *Japan Times*, September 3, 2010, <http://search.japantimes.co.jp/cgi-bin/eo20100903a1.html> (Accessed on 03/09/10)

¹⁵³ 'India's economy: One more push', *The Economist*, July 21, 2011, <http://www.economist.com/node/18988536> (Accessed on 21/07/11)

¹⁵⁴ Author's interview with Tanino

¹⁵⁵ *The Daily Star*, 2 Feb 1995, 7 cited in Kalam, *Japan and South Asia, Subsystemic Linkages and Developing Relationships* add page number

¹⁵⁶ 'Infrastructure development key to attracting investments: Japan Envoy Akitaka Saiki,' *Economic Times*, 11 July 2011, <http://economictimes.indiatimes.com/news/economy/foreign-trade/infrastructure-development-key-to-attracting-investments-japan-envoy-akitaka-saiki/articleshow/9184042.cms> (Accessed on 12.07/11)

¹⁵⁷ 'Doing Business 2010, Making a difference for entrepreneurs', *Doing Business*, November 4, 2010, <http://www.doingbusiness.org/~media/fpdkm/doing%20business/documents/annual-reports/english/db11-fullreport.pdf> p. 4 (Accessed 18/02/11)

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Power generation is also deficient as high costs and black outs frustrate both businesses and residents.¹⁵⁸ These problems are not only trying for the individual but add considerably to costs and frustrations for factory production.¹⁵⁹ To overcome this India plans to build several large-scale power plants.¹⁶⁰ Estimates vary but according to Rajiv Kumar approximately \$567bn is needed to bring India's infrastructure to standard.¹⁶¹ Between 2012 and 2017 the government plans to spend \$1 trillion on infrastructure investment to constitute 9%, up from 4% of GDP.¹⁶²

iii. *Investment climate*

Japanese firms have also faced delays due to the dichotomy present in India whereby some favour FDI whilst others resist. Within the modern generation of leaders, integration into world markets is viewed by some as an important means to facilitate stability. Public figures such as PM Singh are aware of the strategic and security benefits. According to former Ambassador to Japan Asrani, Singh was told when he once represented India's bid to join APEC, to return after increasing exchanges with Southeast Asia.¹⁶³ Singh is also especially keen for investment, rather than recurrent delegations, to defend himself domestically following the gamble of aligning with the US.

¹⁵⁸ Author's interview with G. Yamada

¹⁵⁹ Author's interview with Suzuki

¹⁶⁰ Kojo Sako, 'Japanese Companies Venturing into the Indian Market: India requires different marketing strategies from ASEAN and China', *Mizuho Economic Outlook and Analysis*, 23 May, 2008, <http://www.mizuho-ri.co.jp/research/economics/pdf/eo/MEA080513.pdf> p. 2

¹⁶¹ 'India Needs \$500bn In Infrastructure: Think Tank Chief', *Nikkei*, 20 May, 2010, <http://e.nikkei.com/e/fr/tnks/Nni20100520D20SS921.htm> (Accessed on 21/05/10)

¹⁶² Rafferty, 'Failings of Indian infrastructure'

¹⁶³ Author's interview with Asrani

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Others, however, are more hesitant. In contrast to China which has depended on inward FDI to integrate into the global economy, India has been more cautious. According to the 2003 World Investment Report by 2002 foreign affiliates represented 50% of Chinese exports, up from 9% in 1989.¹⁶⁴ A similar figure of around 10% is recorded in India today. Inward FDI is primarily market-seeking, known as ‘horizontal’ rather than export-promoting or ‘vertical’.¹⁶⁵

Sustained high tariff rates are cited as further reason for multinationals’ reticence. Whilst there has been a sizeable reduction since 1991 from an average of 115% to 32% in 2000 and 15% in 2007 according to the WTO,¹⁶⁶ traders resent India’s prohibition of FDI in retail (except single brands where only up to 51% is allowed), atomic energy, lottery, gambling and betting. In April 2010 the Japan Retailers Association petitioned India once again to relax regulations to allow for multi-branded investment in India’s ‘vibrant and potential market’¹⁶⁷ worth an estimated \$450m. Whilst the government is cautious about protecting millions of shopkeepers and suppliers of India’s *kirana* outlets, pressure is growing to open up. Walmart and Carrefour have already opened stores.¹⁶⁸ Singh stated in his 2010 visit to Japan, ‘in due time’ this will change. Compared to the US and UK, however, Japan’s retail interest is less intense.

¹⁶⁴ Veeramani Choorikkadan, ‘India gearing up for growth’, *East Asia Forum*, August 8, 2010, <http://www.eastasiaforum.org/2010/08/08/india-gearing-up-for-growth/> (Accessed on 08/08/10)

¹⁶⁵ *Ibid.*

¹⁶⁶ Chung-Ho Kim and Barun Mitra, ‘Choosing the slow lane en route to free trade’, *Japan Times*, 7 August, 2009, <http://search.japantimes.co.jp/cgi-bin/ea20090807a2.html> (Accessed on 07/08/09)

¹⁶⁷ ‘Japanese retailers want India to remove FDI restrictions’, *Hindustan Times*, 2 April, 2010, <http://www.hindustantimes.com/Japanese-retailers-want-India-to-remove-FDI-restrictions/Article1-526217.aspx>

¹⁶⁸ ‘Carrefour in India, A wholesale invasion’, *The Economist*, 20 May 2010, <http://www.economist.com/node/16168260> (Accessed on 20/05/10)

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Those in the financial sector also wish India to raise the upper limit of FDI in the insurance sector from 26%.¹⁶⁹ Tariffs now equal a similar level to those in ASEAN which has somewhat buoyed trade and the Indian Ministry of Commerce and Industry established a Foreign Investment Implementation Authority (FIIA) to ease the approval of FDIs, pleasing investors.¹⁷⁰

iv. *Corruption*

The existence of corruption has long been known and accepted in India. For Japanese companies the practice has not served as a primary deterrent since its use is also well-known in China and Vietnam where Japan has carved out a market. As business leaders told the author, since the majority of scandals have affected domestic firms they have not been too concerned. In recent years, however, high-level bribes totalling millions of dollars have threatened India's growth. According to a KPMG report in March 2011, foreign investors are now taking note.¹⁷¹ In another survey India is ranked the fourth most-corrupt country in the world, with investors notably more wary than five years ago.¹⁷² Real estate, construction and telecommunications are cited as the most affected; areas where Japan is trying to make ground.

Since Indian law attributes some responsibility for a firm once 5-10% of equity is granted, firms are also worried about becoming embroiled.¹⁷³ When comparisons with

¹⁶⁹ 'Suggestions for Government of India by Japan Chamber of Commerce and Industry in India'

¹⁷⁰ 'Face to Face Interview: Interview with Mr. Osamu Watanabe: JETRO Focusing on Business Match-Making Programme', *India One Stop*, 23 June, 2003, <http://www.indiaonestop.com/face2face/osamu.htm> (Accessed on 15/06/09)

¹⁷¹ 'Corruption 'threatens India's economic growth' *BBC News*, 15 March 2011, <http://www.bbc.co.uk/news/world-south-asia-12740213> (Accessed on 15/03/2011)

¹⁷² 'Business in India: The price of graft', *The Economist*, 24 March 2011, <http://www.economist.com/node/18441135> (Accessed on 24/03/11)

¹⁷³ *Ibid.*

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China have been levelled at India, the common response has been to point to India's 'soft infrastructure' referring to the rule of law but this system is also criticised for moving too slowly.¹⁷⁴ Japanese companies, as inherently 'risk-averse' are particularly liable to react negatively. India is also perceived as a difficult market to leave after Toshiba made heavy losses when a battery cell project failed.¹⁷⁵

v. *'Distant neighbours'*

India's geographic distance is often given as the primary reason for Japan's delay. Flights are infrequent and compared to China or ROK, journey time can be nine times as long, before travel from airport to business location on India's volatile roads is considered.¹⁷⁶ This 'tyranny of distance'¹⁷⁷ is therefore a burden for both Indian and Japanese firms who cannot complete business trips in one day as is the case locally.

vi. *Democratic delays*

Rhetorically Japan and India's shared democratic profiles have provided a basis for relations. In some senses, however, India's 'democratic dividend' has slowed economic progress. Japanese firms are acutely cautious of political stability when investing abroad. Continuity rather than any particular regime is the dominant concern as can be seen in Japan's preference for countries such as Singapore, China and Vietnam which hold limited democratic credentials but offer few surprises and quick, centralised

¹⁷⁴ According to *The Economist*, there are an estimated 30 million cases waiting to be addressed. 'The Hindu rate of self-depreciation'

¹⁷⁵ Author's interview with Sahdev

¹⁷⁶ Estimates vary but whilst the distance between Tokyo to Delhi is 5800km, taking 7.5 hours, some flights between Japan and China are as low as 40 minutes. In winter 2009 there were only 21 flights between Japan and India per week compared to 635 between Japan and China.

¹⁷⁷ Author's interview with Kinoshita

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decision-making. Since organisations in the private sector by nature seek environments with minimal bureaucratic intervention and maximum opportunity for profits, tight regulation over economic and financial systems is a problematic deterrent. Japanese businessmen note with envy how in China a straight highway can be installed ‘overnight’ whereas in India due to local disputes, they twist and turn.¹⁷⁸ Infrastructure developments have also been delayed from trade union pressure and strict land appropriation laws. Even giving bribes is seen as simpler in China.¹⁷⁹

vii. *Human flows*

Human interaction is also low. As one METI official comments, whilst money and investments might be increasing, ‘people are slower to move’.¹⁸⁰ Japan is keen to utilise India’s youthful population,¹⁸¹ which according to the US Census Bureau’s International Database 2000 by 2025 will number 100m in India compared to Japan’s just 60m. Yet the number of Japanese residents in India numbers only 3284 (in October 2008)¹⁸² whilst there are approximately 120 000 in China and 115 000 in ASEAN.¹⁸³ The number of Indians living in Japan is also comparatively low (approximately 20 000) with the majority consisting of IT engineers living in the outskirts of Tokyo, around Edogawa ward.¹⁸⁴

¹⁷⁸ Ibid.

¹⁷⁹ Rafferty, ‘Failings of Indian infrastructure’

¹⁸⁰ Author’s interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010

¹⁸¹ Those aged between 20 and 24 years old

¹⁸² ‘Japan-India Relations’, *Ministry of Foreign Affairs, Japan*, <http://www.mofa.go.jp/region/asia-paci/india/index.html> Haldia, Bangalore and Kolkata are identified as the regions with the most significant Japanese populations. In Haldia there is a Mitsubishi plant in Haldia (and Japanese town, Sataku), a Toyota factory in Bangalore and historical and cultural links in Kolkata which attract Japanese to this region. According to one senior official with experience in the Delhi Embassy, psychologically the Japanese and West Bengalis share much in common.

¹⁸³ Author’s interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010

¹⁸⁴ In December 2008 the total was 22 335 Indian nationals residing in Japan.

VI. Japan's weaknesses

Culpability for poor economic relations has not been solely due to India's inefficiencies. The Japanese economy has also stifled opportunities, particularly as stagnation has become the norm. Even though Japan remains a successful, rich economy, the third largest in the world, the perception of Japan has weakened.

i. *Ingrained business practices*

The financial crisis hit Japan's export-dependent economy particularly hard. In 2009 the economy contracted by 3.1%.¹⁸⁵ Deflation was also recorded for the first time since 2006 in November 2009, bringing investors' fears to reality.¹⁸⁶ Whilst India's has enjoyed exponential growth since opening up to trade, Japan's economy in 2010 was the same size it was in 1991, when India pleaded for Japan to come to its rescue.

Initiative has also been lacking among Japanese businesses. Despite concerted efforts by the Japanese government, those petitioning for greater cooperation note the limitations of centralised efforts. International onlookers have long criticised Japan (both its firms and government) for being 'risk-averse'. Indeed many within Japan decry the habit of avoiding rather than 'managing' risk.¹⁸⁷ Others believe Japan's incentive to expand abroad has weakened since Japan secured rich-country status.¹⁸⁸ Furthermore whilst

¹⁸⁵ David Warren, 'Lecture by David Warren, British Ambassador to Tokyo', Embassy of Japan, London, January 21, 2010

¹⁸⁶ 'Japan's ailing economy', *The Economist*, 20 November, 2009, <http://www.economist.com/node/14943913> (Accessed on 20/11/09)

¹⁸⁷ Warren, 'Lecture by David Warren, British Ambassador to Tokyo'

¹⁸⁸ Author's interview with Rajiv Kumar, *Director, Indian Council for Research and International Economic Relations*, New Delhi, 21 May 2010

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those 'on the ground' in India appreciate the opportunities and increasingly top management does as well, the prevalence of middle-managers to concentrate on the short-term and overlook long-term strategy is cited as an obstacle.¹⁸⁹ Whereas India maintains a 'top-driver' approach, the Japanese decision-making process is much slower.¹⁹⁰ According to Chandrani there is also no consensus on who will take the lead with India, resulting in little practical application of India's potential. A culture of 'pass the buck' therefore prevails.¹⁹¹

Diplomats often speak of India and Japan's inherent 'complementarities' but Japan's economic profile does not directly suit India. For decades Japan has capitalised on advanced technology products, which concentrate on the high-end of the market. A strong yen has also hurt Japanese exports competing with lower-priced rivals. Japanese firms are hesitant to compromise on quality, long one of their strongest competitive assets. For the Indian market a ROK's strategy has proven, 'bottom of the pyramid' thinking is required. Sony for example was forced to close its assembly plant when ROK televisions cost half the price.¹⁹² Some Japanese firms have adapted but these are the exception. Panasonic for example has developed air-conditioners, which operate with little energy to suit India's poor power supply.¹⁹³ In addition since these machines

¹⁸⁹ Author's interview with Etsuji Nakajima, *Chief Strategist, Mistui & Co. India Pvt. Ltd, New Delhi*, 11 March 2011. Nakajima is responsible for corporate planning, acting as a consultant for Japanese companies coming to India.

¹⁹⁰ Rajaram Panda, 'Introduction', in Panda and Ando, *India and Japan: Multi-Dimensional Perspectives*, p. 7

¹⁹¹ Author's interview with Chandrani

¹⁹² Sony has now returned to India to tap into the growing market for televisions among other electronic products. Author's interview with Naidu

¹⁹³ Panasonic announced in 2010 their intention to build a factory in Haryana as well, which is expected to be ready by 2012. The factory was thought to also serve as a 'launching pad for exports to Africa'. Panasonic planning factory in India' 7 October 2010, <http://in.reuters.com/article/2010/10/07/idINIndia-52036220101007> (Accessed on 08/10/10); Sanjoy Majumder 'India's new face as Asia's car industry hub', *BBC News*, 13 June 2011, <http://www.bbc.co.uk/news/world-south-asia-13735511> (Accessed on 13/06/11)

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are often on constantly, they have been designed to make little noise.¹⁹⁴ On the whole Japanese firms have continued to sell what they want in India rather than what the market demands.

ii. Cultural differences

Different business cultures are also cited as obstacles.¹⁹⁵ On a superficial level it has been suggested that Indians' 'talkative nature' unsettles Japanese businessmen who equate such characteristics as bad for business.¹⁹⁶ Businesses are keen to invest in regions where living environments are favourable but many Japanese complain about the quality of the expatriate lifestyle in India, for example cuisine, temperature and sources of entertainment. Indeed in 1990 one Japanese businessman admitted that 'what is normal in India may be extremely abnormal to us Japanese', creating a 'certain incompatibility or "gap" in perception.'¹⁹⁷ Furthermore as one businessman explained to the author, 'No one chooses to come to India, they are forced to'.¹⁹⁸

iii. Lack of knowledge

At the official level Japan lacks the expertise to fully exploit economic opportunities in India. This issue is frequently cited by those currently involved in the bilateral relationship. Whilst JETRO and some private organisations are working to improve

¹⁹⁴ 'Japanese firms push into emerging markets', *The Economist*, August 5, 2010, <http://www.economist.com/node/16743435> (Accessed on 05/08/10) Ambassador Asrani also pointed to this adjustment, whereby following a two-year study of Indian households it was concluded that almost every middle class family owned a fan and by removing all non-essential frills, costs could be substantially reduced. Author's interview with Asrani

¹⁹⁵ Author's interview with Eisuke Sakakibara, *President of Indian Institute for Economic Studies, Former Vice Minister of Finance for International Affairs* 17 May 2010

¹⁹⁶ *Ibid.* p. 9

¹⁹⁷ Kanwar, 'Winds of Change', *India-Japan: Towards a New Era*, p. 5

¹⁹⁸ Author's interview with businessmen, March 2011, Kolkata, India

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contact, the network remains poor. Japan is an 'info-intensive society' but with most only available in Japanese this information is inaccessible from the outside. METI admit that language problems prevent Indian businesses from finding information online. Within government ministries, officials admit to limited expertise. Diplomats and trade bureaucrats are frequently moved around posts, preventing those with expertise from following through policy initiatives. Regarding India, however, given the importance the government claims to afford this new market, the lack of knowledge is particularly unexpected.

The role of government in the economic relationship nonetheless remains central. MOFA have supported human resource exchanges and METI has sponsored information-sharing events and delegations discussed above. Yet as Sinha argues, whilst the bilateral can survive in the short term with strategic thinkers, in the longer term the relationship needs to be business-led.¹⁹⁹ Whilst the government can provide information on opportunities, only the private sector can act on them.²⁰⁰

The chasm between Japan and India thus appears substantial. However in order to address some of these concerns, Japan has made efforts to improve the situation. This has been attempted through a large-scale ODA commitment, where this chapter's attention will now focus.

¹⁹⁹ Author's interview with Sinha

²⁰⁰ Author's interview with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010

VII. The Role of ODA in Japan's strategy towards India

Japan's Official Development Assistance (ODA) policy represents one of the strongest areas of Japanese diplomacy and an area of interest for academia.²⁰¹ As Miyagi notes, this instrument has been 'distinctive' of Japan's foreign policy approach since 'economic capabilities are highly developed compared to...political stature', representing what she terms Japan's 'lopsided power profile'.²⁰² Through the provision of economic assistance Japan has repeatedly maintained its own national interests whether they are diplomatic/political or economic.

Following an outline of Japan's ODA history and current policy approach, this section will turn to how Japan has utilised ODA to further widen diplomatic objectives towards India. India has presented an 'exceptional case' in which traditional forms of ODA have needed to be adjusted to suit India's unique economic and political position and attitude. Japanese policymakers have not been able to employ traditional techniques to acquire influence as India's relationship with Japan has developed from 'aid recipient' to 'investment partner'.²⁰³ The primary actor involved in this aspect of Japan's India policy remains Japanese bureaucrats (particularly MOFA, MOF and METI)²⁰⁴ but additional players such as the Indian government and Japanese public opinion contribute. Whilst India's economic potential has provided the structural interest in improving economic relations, intervening variables such as domestic support for ODA

²⁰¹ Academic study of Japan's ODA policy has largely centred on either comparisons with other donors or how policy decisions were made; pointing to the often disjointed process. Scholars who have studied Japan's ODA towards the region in particular include Varma and Kalam. Lalima Varma, 'Japan's Official Development Assistance to India: A Critical Appraisal', *India Quarterly*, Vol. 65, No. 3 (July/September 2009), pp. 237-250; Abul Kalam, *Japan and South Asia, Subsystematic Linkages and Developing Relationships*, (Dhaka: University Press Ltd. 1996)

²⁰² Miyagi, *Japan's Middle East Security Policy*, p. 44

²⁰³ Pant, 'India Looks East and discovers Tokyo'

²⁰⁴ The MoF is considered especially important since they allocate funds but MOFA holds more experts or are more powerful than METI equivalents.

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and obstacles from both sides to capitalising on ODA's potential merit, have fashioned the policy process.

i. *Japan's post-war ODA strategy*

Japanese ODA initially served as an additional form of reparations in repentance for actions during the Pacific War. As part of Japan's return to the international community, Japan joined the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific,²⁰⁵ a collection of states whose aim was to enhance economic and social development in the region in 1954.²⁰⁶ Japan benefited significantly from particularly the intervention of the US to revive Japan's near-bankrupt economy, showing impressive growth by the late 1960s. It was felt in Japan therefore that as a member of the Organisation for Economic Cooperation and Development (OECD) from 1964, greater efforts should be made to assist the developing world through ODA. Within this grouping Japan was a founding member of the Development Assistance Committee (DAC).

An additional stimulus emanated from the fact that whilst Japan's economic growth had been described as miraculous through subsequent decades, Japan's diplomatic profile remained weak. Leheny argues that through development assistance Japan had the 'opportunity to build a distinctive approach' for international affairs in contrast to its

²⁰⁵ 'Network's Final Edition', *Network Magazine*, Volume 41, September 2008, http://www.jica.go.jp/english/publications/reports/network/vol41/vol_41_1.html

²⁰⁶ The idea was conceived at the Commonwealth Conference on Foreign Affairs held in Colombo, Ceylon (now Sri Lanka) in January 1950 and formally began operations on July 1, 1951. Originally the geographical focus of the group was South and Southeast Asia but after 1977 the formal name was changed to take account of wider membership. The concept of 'self help and mutual help in the development process' are central to the organisation. <http://www.colombo-plan.org/history.php>

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deference to the US on most other major issues.²⁰⁷ By the early 1980s, according to Brooks and Orr, Japan adopted the approach favoured by other major donors of prioritising 'basic human needs'²⁰⁸ and by the start of the 1990s was the world's largest bilateral donor. Japan held this salutary position until 2001.²⁰⁹

Reasons behind the provision of ODA are not wholly altruistic. Often the donor country benefits as much if not more than the recipient. This is difficult to measure but within a realist theoretical approach it is reasonable to assume that strategic and/or commercial incentives drive ODA policy. Japan has certainly used aid as both an 'instrument of punishment and reward'.²¹⁰ Japan's payments have consistently served their own interest, for example by securing oil supplies from the Middle East. According to Dipak Gyawali, 'Foreign aid is merely an extension of a country's foreign policy in the age of commerce and industry'.²¹¹ In addition to hoping to restore relations with former adversaries therefore, Japan has consistently sought to use ODA to serve economic objectives by providing a favourable market and environment for Japanese investors. India is no exception.

Of central importance is that Japan's increased ODA commitments have not run in parallel with India's greater need. In fact as India's growth has continued and more has been spent by the central government, India's 'need' for Japanese assistance has fallen

²⁰⁷ David Leheny and Kay Warren, 'Introduction: Inescapable solutions: Japanese aid and the construction of global development', David Leheny, Kay Warren eds., *Japanese Aid and the Construction of Global Development, Inescapable Solutions*, (London: Routledge, 2009), p. 5

²⁰⁸ William L. Brooks and Robert M. Orr, Jr., 'Japan's Foreign Economic Assistance', *Asian Survey*, Vol. 25, No. 3 (Mar., 1985), p. 327 cited in *Ibid.* p. 7

²⁰⁹ Japan has also made valuable contributions to denuclearising efforts and peace missions to war-torn regions like Africa. On February 15th 2008, Japan pledged \$3bn to fund the 'Programme to Tackle the Illicit Proliferation of Small Arms and Light Weapons in ECOWAS (Economic Community of West African States). 'Japan provides aid to tackle proliferation of weapons in Africa', *United Nations Development Programme, Newsroom*, <http://content.undp.org/go/newsroom/2008/february/japan-aid-africa-20080215.en?jsessionid=axbWzt8vXD9>

²¹⁰ Jain, 'Japan and South Asia: Between Cooperation and Confrontation' p. 266

²¹¹ Jain, *Distant Asian Neighbours: Japan and South Asia*, p. 15

compared to decades earlier. This demonstrates how Japan's use of ODA has followed the desire to capitalise on India's growth.

ii. *The first ODA Charter*

For much of the post-war period Japan's ODA followed 'principles' rather than law.²¹² As Yasutomo explains, ODA was used on an '*ad hoc*' and 'case by case' basis in response to foreign policy priorities.²¹³ Only on 30 June 1992 did the Japanese government establish an 'ODA Charter', which would outline Japan's long-term aid strategy. Japan reoriented its approach to take a more active international role in the face of criticisms for its 'chequebook diplomacy' and low global profile.

Under the Charter's guidance, the worthiness of recipients was to be clarified against criteria including military expenditures, weapons' development, human rights and democratic credentials. At its core was the belief in 'self help' as the preferred method of promoting economic growth and prosperity.²¹⁴

iii. *Praise and criticism*

Japan's pro-growth emphasis has proved successful. As Leheny notes, the Asian countries who received Japanese assistance have shown some of the most remarkable

²¹² Author's interview with Masaaki Odashi, *Chairperson, Japan NGO Center for International Cooperation* 10 June 2010. Japanese NGOs have also found it difficult to find a presence in India. In part this is due to the Indian approach which prefers domestic organisation to external due to a desire for independence, which contrasts with Nepal for example which hosts several Japanese groups.

²¹³ Miyagi, *Japan's Middle East Security Policy*, p. 45

²¹⁴ This principle contrasts with that in traditionally found in the West of 'Noble Obligation'. According to Takayanagi, the translation of 'ownership' from *Jijo doryoku* has been disputed. Akio Takayanagi, 'Recent trends in Japan's aid policies and prospects for change', Presentation at the North-South Institute, Sept. 9, 2009, p. 14

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growth in recent decades, far more than that experienced by recipients of European and North American aid.²¹⁵ The threat of economic competition from their neighbour has hardened many to continuing assistance and has not sheltered Japan from external criticism.²¹⁶

Japan's ODA has been censured for its mercantilist orientation. In particular the focus on infrastructure rather than social issues has caused some to question the genuine compassion behind Japanese efforts.²¹⁷ With the focus on economic growth, some have charged Japan for disproportionately directing funds to potential export destinations rather than democracy and human rights.²¹⁸ The geographical focus on Asia rather than further afield is also related to this first point. A preference for yen loans instead of grants has been another consistent criticism from outside of Japan's ODA stance.

Among the strongest critiques, however, has emanated from the domestic population. During Japan's post-war boom decades, public support for ODA was strong. Yet when the domestic economy suffered severe recession and subsequent stagnation from the 1990s onwards, enthusiasm for ambitious aid projects decreased sharply. Officials were under new pressure to defend expenditure and demonstrate how Japan benefited from its generosity. Even in 2010 Foreign Minister Okada admitted in response to reasons behind an ODA study, 'We conducted the review to win more public support for foreign aid...To do so, we have to strategically and efficiently implement aid projects.'²¹⁹

²¹⁵ Leheny and Warren, 'Introduction: Inescapable solutions: Japanese aid and the construction of global development', p. 7

²¹⁶ In 2008, the year China hosted the Olympic Games in Beijing, Japan announced it would cease new yen loans to China. Jain, 'From Condemnation to Strategic Partnership,' p. 17

²¹⁷ Author's interview with Odashi

²¹⁸ Leheny and Warren, 'Introduction: Inescapable solutions: Japanese aid and the construction of global development', p. 7

²¹⁹ Okada cited in 'Foreign Ministry seeks aid-policy revision to enhance efficiency', *Japan Times*, 30 June, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100630a9.html> (Accessed on 30/06/10)

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Accusations of corruption in the implementation of projects also hardened public opinion as well as a generational shift whereby younger generations who had not experienced Japan's post-war reliance on aid, were less favourable. When asked whether Japan should increase its levels of ODA, in 1991 (when Japan became the world's largest donor) 41.4% agreed whereas by 2004 the number had more than halved to 18.7% before recovering slightly to 30.4% by 2008.²²⁰ In this year 18.5% thought ODA should decrease, compared to only 8% in 1991 and the percentage of those in favour of stopping ODA stood at 3.3% in contrast to 1.3% seventeen years earlier. Predominantly due to this 'aid fatigue' Japan adjusted its ODA policy, thus showing again the important role which domestic concerns play, within the environment set by structure.

Koizumi promised in 2001 to radically reform Japan's ODA programme. From 2001 to 2008, Japan's position as top donor gradually slid to fifth place, overtaken by the US, Britain, France and Germany.²²¹ The increase in these states' budgets was also due to UN commitment to the Millennium Development Goals (MDG), which following the 9/11 attacks took greater significance as a possible means to counter terrorism through economic assistance.²²² According to the OECD Development Assistance Committee in 2008 a total of \$119.8bn was distributed as foreign aid, representing a 10% increase on the previous year.²²³ Yet Japan came 14th in a ranking of net ODA as a percentage of

²²⁰ 'Public Opinion Polls', Takayanagi, 'Recent trends in Japan's aid policies and prospects for change', p. 11

²²¹ K.V. Kesavan, 'India and Japan: Changing Dimensions of Partnership in the post-Cold War Period', *ORF Occasional Paper No. 14*, May 2010, http://www.orfonline.org/cms/export/orfonline/modules/occasionalpaper/attachments/india_japan_1275545633112.pdf, p. 23 (Accessed on 26/06/10)

²²² Ibid.

²²³ 'Giving more generously: Which rich countries gave in foreign aid last year', *The Economist*, 31 March 31, 2009, http://www.economist.com/daily/news/displaystory.cfm?story_id=13400406&fsrc=nwl (Accessed on 20/06/10)

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GDP with an estimated total of \$9.4bn.²²⁴ At present there is little prospect that this trend will reverse²²⁵ but in order to balance this declining budget, Japan has initiated moves to improve efficiency. In 2005 Koizumi began to downsize the administrative arm and appointed highly-regarded Dr Ogata as Director, signalling a move towards such UN norms as human security.²²⁶

By 2003 the Charter was once again due for renewal. Both the global and domestic environment had altered considerably in this time, requiring Japan's ODA policy to change accordingly. Of the structural developments, the end of the Cold War and onset of greater globalisation were most significant but on the domestic-level, public support for Japan's ODA programme had further declined. From 2003 Japan's ODA took an additional or at least more explicit purpose as a foreign policy tool. In the revised Charter of 2003 the objective 'to contribute to peace and development of the international community' with 'assuring Japan's security and prosperity' was added to the text.²²⁷ The strategic use of ODA, however, had been identified many years before. In 1979 Prime Minister Masayoshi stated that ODA would be employed to contribute to global 'comprehensive security' and in 1980 Prime Minister Suzuki Zenko echoed the objective for ODA to be applied to 'areas which are important to the maintenance of the peace and stability of the world'.²²⁸ The change in direction, however, involved a refocus on not just global security but specifically that of Japan.

²²⁴ Ibid.

²²⁵ 'Interview: President Sadako Ogata', *Network Magazine*, Volume 41, September 2008, http://www.jica.go.jp/english/publications/reports/network/vol41/vol_41_1.html

²²⁶ Leheny and Warren, 'Introduction: Inescapable solutions: Japanese aid and the construction of global development', p. 20

²²⁷ 'Philosophy: Objectives, Policies, and Priorities', *Japan's Official Development Assistance Charter, Ministry of Foreign Affairs*, August 29, 2003, <http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf>, p. 4

²²⁸ Miyagi, *Japan's Middle East Security Policy*, p. 46

VIII. India as an ODA destination

ODA has long been the ‘core component’ of Japan’s India policy,²²⁹ a point noted by Prime Minister Rao during a visit to Tokyo in June 1992.²³⁰ Indeed India was the first country to receive Japanese economic assistance in 1958 following a state visit by Nehru in 1957. Japan’s ODA has benefited rhetorically from its independence from possible allegations of post-war guilt so that according to Tanaka Hitoshi, interviewed for this study, in these early years India served as a ‘showcase’ for development assistance.²³¹ During the 1980s and Cold War tensions, Japan began to direct ODA to countries like Egypt, Turkey and Pakistan, which were considered in close proximity to ‘areas of strategic importance’.²³² Following 1991 liberalisation Japan added India to its list of ‘strategic’ hubs.

South Asia slowly began to witness a steady increase in Japanese aid inflows. According to Khan between 1975 and 1989 Japan’s ODA to South Asia²³³ increased eight-fold in dollar terms.²³⁴ By 1998, these countries received almost \$1.5bn from Japan (14% of total aid) with \$504.95m going to India.²³⁵ According to one JICA

²²⁹ Kesavan, ‘India and Japan: Changing Dimensions of Partnership in the post-Cold War Period’, p. 19

²³⁰ ‘Japan’s contribution in trade and direct investments in India has indeed been very small, although in terms of ODA, Japan is our largest donor’ Murty 1993, pp. 449–455 quoted in Lalima Varma, ‘Japan’s Official Development Assistance to India: A Critical Appraisal’, *India Quarterly*, Vol. 65, No. 3 (July/September 2009), p. 237

²³¹ Author’s interview with Hitoshi Tanaka, *Former Deputy Minister for Foreign Affairs* 14 May 2010. Tanaka’s father previously worked in India as a trader

²³² Kesavan, ‘India and Japan: Changing Dimensions of Partnership in the post-Cold War Period’, p. 25

²³³ The economic region of South Asia comprises of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Japan has a particularly long ODA relationship with Sri Lanka who, according to Suzuki (JICA), has an ‘impeccable track record on payment’, except following the Asian Tsunami of 2004. Sri Lanka was the first country to give up on reparations from Japan post-war and has received substantial sums from the Japanese government to support the economy affected by a thirty-year civil war which only concluded in 2009.

²³⁴ Haider A. Khan, ‘Japanese Aid to South and Southeast Asia: A Comparative Analysis’, April-May 2001, p. 4

²³⁵ Yet interestingly, Pakistan with an economy significantly smaller than India’s, received \$491.54 million, an almost equal amount. This highlights the tactical shift which has occurred in the past two decades whereby Pakistan was considered of greater strategic value than India. However, as Khan also

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official, by 1997 Japan's commitment had reached ¥20bn, on a par with China and Indonesia as Suzuki's success in the car industry encouraged some 'hype'.²³⁶ The nuclear tests, covered in detail in Chapter 7 however, hardened opinion. Officials agree that India was an 'unfairly small recipient' of ODA until this time but point to India's nuclear behaviour as being an important reason.²³⁷ Japan suspended all new ODA packages but maintained the Delhi Metro and other ongoing projects as well as humanitarian and emergency aid. Japan was keen to protect its own interests in schemes such as the Delhi Metro.²³⁸

After a positive figure of ¥1.3bn in loans in 1997, the suspension resulted in similar figures not being reached again until 2004. By 2008-09 according to OECD figures, South and Central Asia received 20% of Japanese ODA (see figure 5 below).²³⁹ In line with Japan's gradual reassessment of India's economic and political importance, ODA has risen so that by 2003 India was once again the largest recipient of Japanese aid. In 2006 Japan issued its first Country Assistance Program for India.

Whilst Japan's total ODA budget has continued to witness year-on-year reductions, contributions to India's development have witnessed a positive upward trajectory. As the graph below demonstrates, Japan's ODA to India rocketed in 2001 to near 250% of the 2000 figure, before almost doubling again the following year. From FY 2003 India has been the top recipient of Japanese soft loans, overtaking China. By March 2010 a

notes, aid to Southeast Asia far exceeded that given to South Asia at \$2437.66 million, almost one bn more than South Asia received. Ibid. p. 9-10

²³⁶ Author's interview with Hara. Those entrusted with India policy within Japan's bureaucracy have often sustained historical connections with India. Of those officials interviewed by the author, several had read 'Indian studies' whilst at university or come into contact with India through parents working with Indian business.

²³⁷ Author's interview with senior official, *Climate Change Division, MOFA* 2 June 2010

²³⁸ Ibid.

²³⁹ 'Gross Bilateral ODA 2008-09', OCED, DAC, <http://www.oecd.org/dataoecd/42/5/44285062.gif>

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cumulative total of over ¥3000bn was sent to India as ODA.²⁴⁰ From 2007 India also benefited from a new approval procedure in which requests were considered biannually.²⁴¹ In FY 2009 the figure reached ¥2.2bn though according to Suzuki from JICA, this figures was especially high to fund such large projects as the Delhi Metro, which represented 30-40% of the total. Despite concern that the fallout from the Fukushima disaster would dampen Japan's commitment, in June 2011 the Ambassador confirmed the original loan amount would be provided.²⁴²

²⁴⁰ 'Japan to provide ODA of Rs 10,500 crore to India in FY 2009', *NetIndian News Network, Delhi*, 29 March, 2010, <http://netindian.in/news/2010/03/29/0005940/japan-provide-oda-rs-10500-crore-india-fy-2009> (accessed on 05/02/11)

²⁴¹ Kesavan, 'India and Japan: Changing Dimensions of Partnership in the post-Cold War Period', p. 24-25

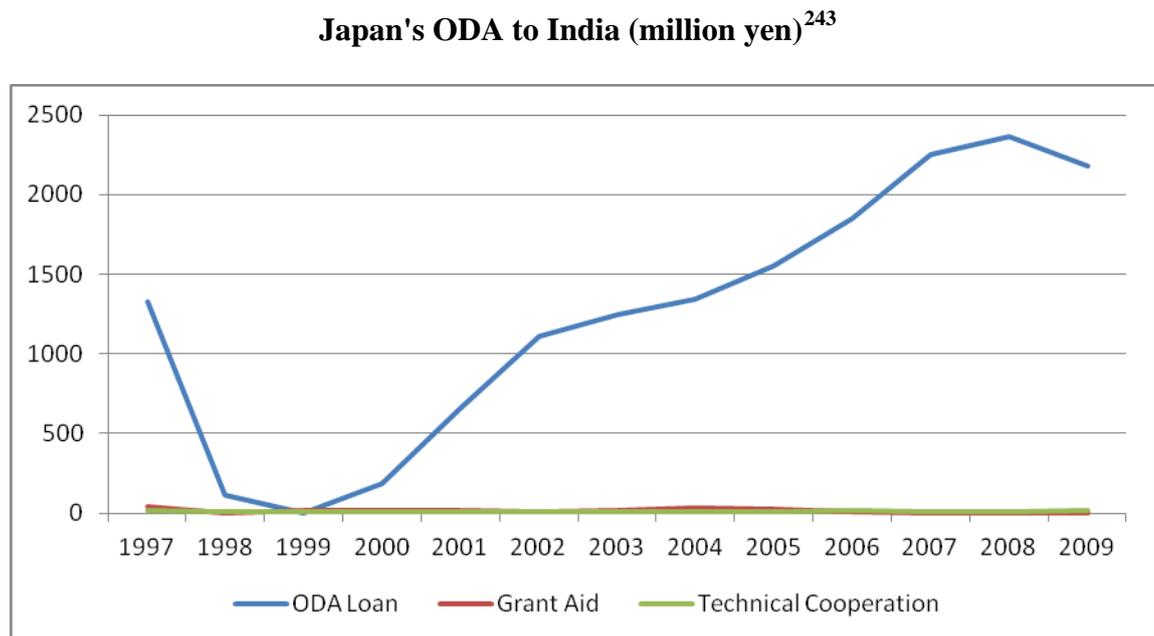
²⁴² Anirban Bhaumik, 'Fukushima fallout: Japan to go slow on nuke talks with India', *Deccan Herald*, 14 June 2011, <http://www.deccanherald.com/content/168694/fukushima-fallout-japan-go-slow.html> (Accessed on 05/06/11)

Figure 5: **Japan's ODA to India (million yen)**

Fiscal Year	ODA Loan	Grant Aid	Technical Cooperation	Total
1997	1327.25	41.94	13.35	1382.54
1998	115.37	3.98	10.19	129.54
1999	0	12.92	9.83	22.75
2000	189.26	18.29	9.03	216.58
2001	656.59	14.34	10.15	681.08
2002	1112.39	9.1	9.6	1131.09
2003	1250.04	17.44	10.34	1277.82
2004	1344.66	29.89	9.67	1384.22
2005	1554.58	21.09	8.36	1584.03
2006	1848.93	5.96	13.17	1868.06
2007	2251.3	3.97	12.31	2267.58
2008	2360.47	4.28	11.79	2376.54
2009	2182.17	3.81	18.55	2204.53
Total:	34004	884.96	293.51	35182.47

Note: The total amount of ODA Loan and Grant Aid are E/N basis. Technical Cooperation is JICA disbursement basis.

Figure 6:



IX. Objectives in India

As the opening of this chapter stated, Japan has faced numerous difficulties entering the Indian market for both genuine and perceptual reasons. In theory ODA payments are intended to improve the socio-economic condition of a recipient. As one diplomat phrased, Japan is trying to ‘increase trust’ through its ODA policies.²⁴⁴ Regarding India’s acceptance of Japanese funds, however, the emphasis is widely seen as falling on the economic rather than the social side. Indeed as one Japanese diplomat admitted in the late 1990s in light of India’s economic potential, ‘We decided to shift our aid programme to infrastructure rather than poverty alleviation.’²⁴⁵

²⁴³ Graph compiled by author with above statistics from MOFA

²⁴⁴ Author’s interview with senior official, *Climate Change Division, MOFA* 2 June 2010

²⁴⁵ Pramit Pal Chaudhuri, ‘Why Japan tilted towards India’, *Hindustan Times* 25 October, 2010, <http://www.hindustantimes.com/StoryPage/Print/617444.aspx>

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Japan attaches several objectives to its ODA programme in India. First and foremost is to improve the business environment. Loans are linked to incentives which it is hoped will encourage India to become 'more economically minded'. According to one MOFA official in charge of overseeing Japan's ODA to India, whilst poverty reduction and the MDGs are important, Japan is 'trying to focus on motivating Indian business minds'.²⁴⁶ In the Country Assistance Programme for India of 2006, India's 'enhanced presence in the international community' was cited as a principal reason for Japan's economic assistance as a means to contribute to 'peace, stability and prosperity in Asia'. India's potential in the 'new Asian era' was also mentioned as was the desire to 'strengthen India's commitment to the international economy'... 'where strong market economies and economic partnerships are being promoted'.²⁴⁷

In essence Japan is promoting 'faster and inclusive growth' in line with India's 11th 5-Year Plan.²⁴⁸ Within this remit, power stations, energy savings and environmental projects take particular preference, as do schemes to encourage greater non-agricultural employment.²⁴⁹

²⁴⁶ Author's interview with senior official, *International Cooperation Bureau, MOFA*, 15 June 2010.

²⁴⁷ 'Japan's Country Assistance Program for India', *Ministry of Foreign Affairs*, May 2006, http://www.mofa.go.jp/policy/oda/region/sw_asia/india.pdf, p. 4

²⁴⁸ Author's interview with Hara

²⁴⁹ Whilst India's IT industry receives widespread international attention, a far larger proportion of the population are engaged in work related to agriculture.

X. Strings to Japan's ODA programme

i. Infrastructure

Whilst coverage of ODA loans has been broad, the overwhelming concentration has been placed on infrastructure, power supply, transport and other sectors which would be beneficial to Japanese investors. For the power industry from 1978 to 2010 Japan provided ¥1.21 trillion in 72 loans.²⁵⁰ Regarding transport links in 1996 the Calcutta (now Kolkata) Metro Project became operational²⁵¹ and in 2002 the first section of the Delhi Mass Rapid Transport System (Metro) was opened.²⁵² An interesting point to note, however, is that whilst Japan built the railway, the trains on the line are from ROK, highlighting the competition Japan feels from its economic rival, analysed in greater depth below. Nevertheless based on this experience, Japan plans to build another metro system in Chennai and Bangalore. An Outer Ring Road Project in Hyderabad and Energy Saving Project are also currently receiving the majority of Japanese funds, notably in the form of loans rather than grant contributions.

In many ways yen loans are quite different from traditional conceptions of aid and the concentration of yen loans is fairly unique.²⁵³ As Sato from MOFA notes, it is 'very rare' for such a large proportion – as much as 99% - to be provided in loans which need

²⁵⁰ 'Country Assistance Evaluation of India: Summary', *Third Party Evaluation, Ministry of Foreign Affairs of Japan*, March 2010, p. 11

²⁵¹ The project began in 1983 and was actually completed just four years later but due to poor preparation by the federal government over land disputes among other issues, the Metro was delayed another decade. Varma, 'Japan's Official Development Assistance to India: A Critical Appraisal', p. 246

²⁵² According to a Mitsubishi official, many phases were finished ahead of schedule and by employing Japanese environmental and employment conditions, proved a useful way for Japan 'to get into India'. Author's interview with Ajay Vargu, *Planning & Coordination Department, Mitsubishi Corporation India Pvt. Ltd., New Delhi*, 4th March 2011

²⁵³ Author's interview with senior official, *Climate Change Division, MOFA* 2 June 2010

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to be repaid.²⁵⁴ Whereas in other states such as the UK and US in which grants equate to 100% of aid contributions,²⁵⁵ Japan's approach is focused squarely on improving the environment for Japanese investment through loans.²⁵⁶ As one MOFA official notes, 'Japan is more conscious of the private sector than other countries.'²⁵⁷ In 2000 loans equated to 87.39% of the total with technical cooperation representing 4.17% and aid another 8.44% (see table below). However by 2009-10 99% was dedicated to loans, mainly for large-scale infrastructure projects.

Figure 7:

Aspects of Japan's ODA as a % of total 2000-2009

Fiscal Year	ODA Loan	Grant Aid	Technical Cooperation	Total
2000	87.39	8.44	4.17	216.58
2001	96.40	2.11	1.49	681.08
2002	98.35	0.80	0.85	1131.1
2003	97.83	1.36	0.81	1277.8
2004	97.14	2.16	0.70	1384.2
2005	98.14	1.33	0.53	1584
2006	98.97	0.32	0.70	1868.1
2007	99.28	0.18	0.54	2267.6
2008	99.33	0.18	0.50	2376.5
2009	98.99	0.17	0.84	2204.5
Average	97.18	1.71	1.11	

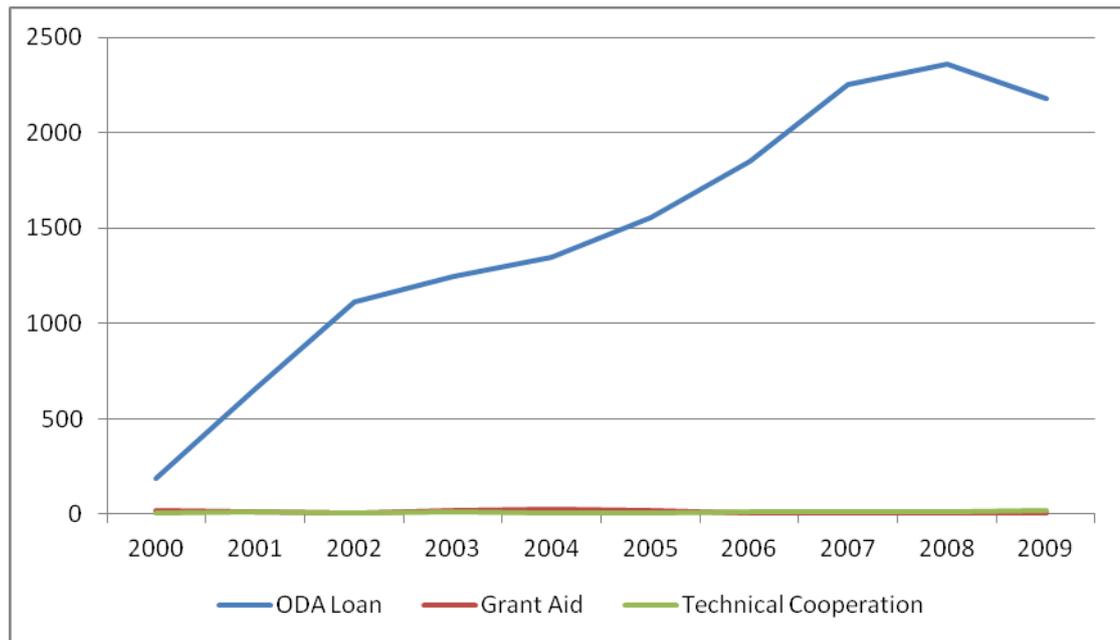
Source: Figures calculated by author based on data from Figure 1 (MOFA, 2010)

²⁵⁴ Author's interview with senior official, *International Cooperation Bureau, MOFA*, 15 June 2010

²⁵⁵ 'Bilateral Aid from Major Countries', sourced from JBIC, Delhi in Kesavan, 'India and Japan: Changing Dimensions of Partnership in the post-Cold War Period', p. 25

²⁵⁶ Author's interview with senior official, *International Cooperation Bureau, MOFA*, 15 June 2010

²⁵⁷ Ibid.



In other sectors Japanese ODA has contributed to clean water and forest conservation projects.²⁵⁸ Indeed there has been a tangible shift from 1998 when power plants received almost half of ODA.²⁵⁹ Levels of technical cooperation have always been low, amounting to 4.2% of the total received in 2000, before decreasing to proportionally 0.8% by 2002 where the rate stabilised. As the overall contribution has grown, however, these programmes have expanded. JICA for example is supporting a long term project to rear silkworms in southern India following a request from India. This industry has been fundamental to Japan since the Meiji period and whilst production has declined from its peak in the early twentieth century, expertise remains strong.²⁶⁰ By the end of financial year 2008 Japan had received 5,394 trainees from India in exchange for 855 experts sent to India with an accumulated technical cooperation fund of ¥27.5bn.²⁶¹

²⁵⁸ This latter scheme has been coordinated with the national Joint Forest Management (JFM) project begun by the Indian government in 1988.

²⁵⁹ Author's interview with Kondo

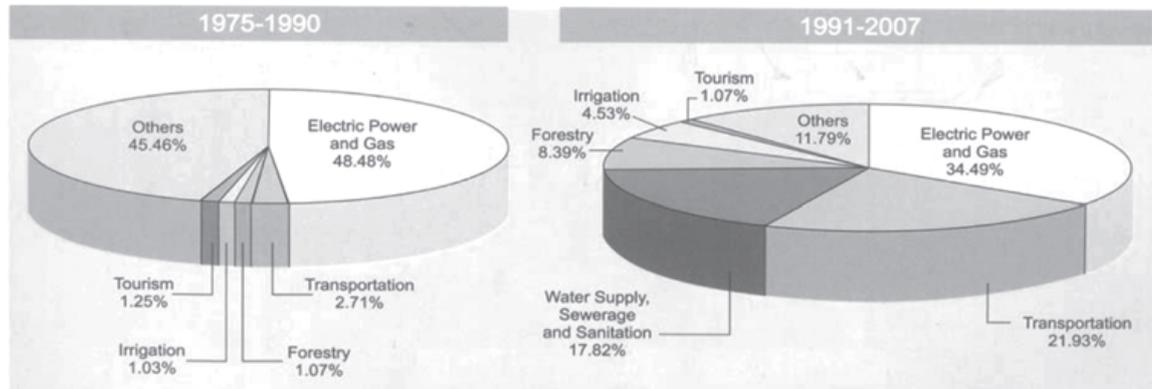
²⁶⁰ 'A New Era of Japan-India Relations', p. 4

²⁶¹ 'Outline of Japan's ODA to India', *Ministry of Foreign Affairs of Japan*, October 2010, p. 2

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Figure 8

Flows of Japanese ODA according to sector: 1975-1990 and 1991-2007



Source: JBIC, Delhi²⁶²

ii. *Human exchange*

Commentators of Japan-India relations frequently point to the lack of human exchange as a key weakness in current ties and as the above discussion demonstrated, understanding between business communities is minimal. The Japanese government albeit in a limited sense, has taken this recommendation on board and launched initiatives to promote cultural and people-to-people interaction.

JICA is currently supporting an initiative with IIT Hyderabad to mobilise greater academic exchange, particularly in the engineering discipline where it is thought collaboration could be particularly profitable.²⁶³ India's theoretical ability can be complemented by Japan's strength in application. Japan has also issued a grant of

²⁶² Kesavan, 'India and Japan: Changing Dimensions of Partnership in the post-Cold War Period', p. 28

²⁶³ This initiative was first discussed during Prime Minister Abe's visit to India in August 2007. A working group was subsequently established to investigate the potential, looking particularly at cooperation in environment and energy, digital communications, design and manufacturing, nano-tech and nano-science, and urban engineering. 'Country Assistance Evaluation of India: Summary', p. 18

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¥787m to a project at Indira Gandhi National Open University.²⁶⁴ These efforts are nevertheless meagre compared to the linkages between Japan and China or India and the US. As another official responsible for ODA to India commented, whilst the number of academics in Japan focusing on Indian philosophy and anthropology are an ‘asset’, they do not contribute to the future of the relationship; ‘If Japan is serious about bilateral relations, the number of interlocutors must increase’.²⁶⁵ There are also plans to increase tourist and language exchange, by among other initiatives increasing the number of direct flights between the two countries. Between 2003 and 2007, the number rose from 8 to 20.²⁶⁶

iii. *Distribution*

Japanese aid can be divided into three categories; yen loans, grants and technical assistance. Officials commit to a legal loan agreement before beginning disbursement of funds which are repayable at a fixed interest rate over a stipulated period. This rate ranges between 0.3% and 1.2% per annum over 15 to 30 years. For environmental projects the interest rate is slightly less than for others at 0.75% with a grace period of 10 years followed by 40 year tenure.²⁶⁷ JICA oversees the implementation of Japan’s ODA.

²⁶⁴ ‘Government of Japan extended ¥787 million Grant Aid to India for the project for Strengthening of Electronic Media Production Center in Indira Gandhi National Open University (IGNOU)’, *Press Release, Japanese Embassy in India*, 26 July, 2010, http://www.in.emb-japan.go.jp/Press_Releases_Embassy/PR13-2010.html (Accessed on 26/07/10)

²⁶⁵ Author’s interview with senior official, *International Cooperation Bureau, MOFA*, 15 June 2010

²⁶⁶ ‘India still tops ODA list’, *Rediff News*, 3 January, 2008, <http://www.rediff.com/money/2008/jan/03japan.htm> (Accessed on 28/07/10)

²⁶⁷ ‘Japanese Loan Assistance to India’, *Government of India Portal on Development Assistance*, <http://www.externalaid.gov.in/portal/index.jsp?sid=1&id=321&pid=317>

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As referred to above, the number of open grants to India is low.²⁶⁸ Grants are 100% financed by the central government whereas loans receive less than 20%, acquiring the remainder through the repayment of loans and the market. In 2000 grants represented 8.4% of the total ODA afforded to India, dropping to 2.1% in 2001. A year later as loans doubled, the amount apportioned for grants more than halved (see Figure 5). By 2006 the rate reached 0.3% where it has remained since. Nevertheless from 1977 to 2009, Japan contributed ¥88.5bn in grant aid.

Loans have long been the preferred means to distribute Japanese economic assistance. These are passed onto the state by the central government who subsidises poorer states and assesses their borrowing capability.²⁶⁹ According to JICA, whilst grants involve far less bureaucracy they are not considered as successful. Loans on the other hand, require Cabinet approval and face detailed scrutiny. This official admits, however, to being ‘a loan man’ in favour of this form of development assistance over grants due to his career background in this field.²⁷⁰ However budgetary constraints are also cited by JICA officials as reasons for the preference for loans.²⁷¹

MOFA, MOF and METI work together on country assistance, occasionally calling on other ministries for their expertise. For example an education project goes through the Education and Science Ministry and train project through Land Ministry. JICA is the implementation arm. In India after a Tokyo Task Force was established to formulate policy, led by Esho Hideki, members of the Embassy of Japan, JICA, JETRO and occasionally JBIC contribute to its implementation. Consensus among ministries is

²⁶⁸ According to one JICA official, grants to India currently amount to approximately 1 bn yen but have usually totalled only 200 million, which is still almost double that given to either Vietnam or Indonesia.

²⁶⁹ Author's interview with Suzuki

²⁷⁰ Author's interview with Hara

²⁷¹ Author's interview with Suzuki

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necessary before a project can go ahead. On the whole Japan prefers to work independently rather than with other organisations or states though there are some exceptions, for example in the health sector where Japan is working with UNICEF to eradicate polio and in poor states such as Bihar, Japan is working with the WB and Britain's DfID. Japan also occasionally cooperates with the WB and ADB through the exchange of information. Overall however, 'Japan doesn't like donor coordination'.²⁷²

A significant development in Japan's aid policy emerged following the merger between JICA and JBIC in 2008. Previously two separate bodies within MOFA distributed Japan's ODA funds; the Japan Bank for International Cooperation (JBIC), founded in 1974 administered yen loans whilst JICA established in 1999,²⁷³ oversaw technical cooperation and grant aid. Under this decentralised system, ministries contributed independently of one another in what often became disjointed programmes.²⁷⁴ By bringing operations for technical assistance, yen loans and grant aid 'all under one roof' it was hoped ODA would deliver greater efficiency.²⁷⁵ The merger also made JICA the largest bilateral donor agency in the world. Ogata articulated on the new forming of JICA that Japan's ODA would work under the principle of 'the three Ss'; to 'speed up, scale up and spread out', improving not just the quality and efficiency of Japanese projects but also their reach by including more NGOs and volunteers.²⁷⁶

²⁷² Author's interview with senior official, *International Cooperation Bureau, MOFA*, 15 June 2010. The reasons for this are also due to India's preference for bilateral commitments since donor cooperation is seen as 'ganging up' against the state.

²⁷³ In October 1999, the then Export-Import Bank of Japan and the Overseas Economic Cooperation Fund merged to form JBIC. Previously yen loans were handled by OECF, grants by MOFA and technical cooperation (TC) by JICE. 'Other official flow', OOF was covered by EXIM Bank. Post-1999 yen loans were covered by JBIC, grant by MOFA and TC by JICA.

²⁷⁴ Leheny and Warren, 'Introduction: Inescapable solutions: Japanese aid and the construction of global development', p. 6

²⁷⁵ 'Interview: President Sadako Ogata', *Network Magazine*, Volume 41, September 2008, http://www.jica.go.jp/english/publications/reports/network/vol41/vol_41_1.html

²⁷⁶ Ibid.

iv. *Ownership*

Japan has never sought to ‘hand-hold’ nations through their development but rather provide the necessary conditions and incentives for their own growth. The implicit understanding being that once reasonable levels of development are reached, Japan will be a preferred economic partner with which to share the dividends. Japan’s own experience during the post-war period acts as a further lesson, which guides ODA policy.²⁷⁷ This ‘self-help’ approach largely suits India which places a premium on ‘ownership’. Unlike other developing countries which hold regular ‘donor meetings’, India takes the lead in allocating resources from the centre.

XI. Obstacles

i. *From India:*

Japan considers India a wise destination for Japanese funds and is largely comfortable with extending their loans to Delhi.²⁷⁸ There has been comparatively little controversy over corruption and bribery in Japan’s aid projects in India and the government has always repaid loans on time. Yet India has presented Japan with several challenges in the distribution of aid. For the business community, licence approval is frequently cited as overly time-consuming, a charge echoed by ODA agencies in addition to labour disputes which delay projects.²⁷⁹ Furthermore since aid is received by the central

²⁷⁷ Kesavan, ‘India and Japan: Changing Dimensions of Partnership in the post-Cold War Period’, p. 23

²⁷⁸ Author’s interview with Hara

²⁷⁹ Varma, ‘Japan’s Official Development Assistance to India: A Critical Appraisal’, p. 247

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government and then distributed across states, Japanese officials complain that tracking aid is problematic.²⁸⁰

Japanese officials appreciate the weakened effectiveness of ODA to influence India in the way previously successful elsewhere.²⁸¹ When Japan poured generous funds into China and Southeast Asia during the latter half of the twentieth century, few other countries were vying for similar influence. India in contrast, enjoys the competition of several large states. France for example, recently started its own aid programme, combining her agenda in India seeking, in one official's view, to gain a foothold in India's high-speed rail and nuclear sectors.²⁸²

Additional obstacles lie in the fact that the federal Indian government wants to spread projects across all twenty-eight states. As will also be noted below, Japanese interests in Japan remains concentrated around production hubs and often wishes to channel its ODA to these regions. Japan is not able to dictate where its money goes, rather ODA agencies must rely on requests from the recipient government, which Japan can then consider²⁸³ or announce an interest and receive proposals.²⁸⁴ As METI claims, whilst ASEAN countries are more flexible, the Indian government is difficult to influence.²⁸⁵

Efforts to promote exchange have also been hampered by India's restrictive attitude to foreign volunteers. According to some at JICA, India only wants people to engage in

²⁸⁰ Ibid.

²⁸¹ Author's interview with senior official, *International Cooperation Bureau, MOFA*, 15 June 2010

²⁸² Author's interview with Hara

²⁸³ This point was mentioned by several METI and MOFA officials as problematic.

²⁸⁴ Author's interview with Suzuki

²⁸⁵ Author's interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010

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teaching Japanese, judo or nursing rather than business or academia.²⁸⁶ Whereas JICA currently has only 13 volunteers stationed in India,²⁸⁷ the number in much smaller Bhutan and Nepal is over 50. Japan's scope for a greater presence through Japanese NGOs is also held back by the existence of numerous domestic organisations which leaves little room for well-meaning but non-native groups. When Japanese businesses and residents speedily left India following the nuclear tests for example, the impact on NGOs was negligible since their presence was so minor.²⁸⁸ Whilst the DPJ has shown itself more interested in NGOs than the LDP,²⁸⁹ there is little central government, as the name 'NGO' suggests, can do to increase their activity.

ii. *From Japan:*

Japan has also been criticised for continuing to allocate funds on a 'case by case' basis rather than integrating its programme in India's own policies and those of other donors. Japan has largely concentrated its aid to the states of West Bengal and Andhra Pradesh where according to Japanese officials requests following an initial project have spurred related requests.²⁹⁰ In the latest review in March 2010, the lack of consistency and flexibility which this shows was highlighted. An officer at the Indian MEA noted the

²⁸⁶ Author's interview with Hara. The opposing view, however, points to Professor Shiba from METI who has successfully taught Japanese manufacturing in India. Author's interview with Kondo

²⁸⁷ As of May 1, 2009, 'Outline of Japan's ODA to India', p. 2 This meagre figure, however, was the result of a slight positive turn in 2006 when after thirty years, the Japan Overseas Cooperation Volunteers (JOCV) were allowed to resume their operations, even though to only teach the Japanese language. In 1978 an Indian government policy had suspended their permit to remain.

²⁸⁸ Author's interview with Odashi

²⁸⁹ For example in May 2010, former Foreign Minister Okada launched an Advisory Group on NGO practices. 'The Establishment of the "NGO Advisory Group on the State of International Cooperation by Japan" (Proposal), *Ministry of Foreign Affairs*, 25 May, 2010, http://www.mofa.go.jp/announce/announce/2010/5/0525_01.html

²⁹⁰ 'Country Assistance Evaluation of India: Summary', p. 21

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limitations which Japan's annual commitments provide in contrast to a long-term development plan.²⁹¹

Despite the 2003 reforms coordination remains disjointed, especially since the objectives of ODA and METI/private sector initiatives often overlap. For example whilst MOFA takes the lead in ODA projects, METI and MOF are occasionally consulted over private sector-focused benefits and of course financial backing. Whilst SMART cities and the DMIC are the projects of METI, highways policies are overseen by MLIT (Ministry of Land, Infrastructure, Transport and Tourism) and others by MOFA through JICA such as the Freight Corridor.²⁹² As one official criticised, central management is lacking with communication channels often confused and poor coordination between political, economic and ODA strategies.

Image and perceptions also enter the equation. As noted above, policymakers are acutely aware of domestic criticism and have often channelled funds to central research initiatives rather than local ones to achieve greater visibility.²⁹³

XII. India's reception of Japanese aid

Japan's ODA policy has also been affected by the reception it receives in India. In line with this thesis' adherence to NCR, perceptions of policy fashion its future implementation as intervening variables. Officially India is '100% appreciative of Japanese ODA'.²⁹⁴ When Prime Minister Singh engages in public dialogue with Japan

²⁹¹ Ibid. p. 18

²⁹² Author's interview with senior official, *International Cooperation Bureau, MOFA*, 15 June 2010

²⁹³ Author's interview with Hara

²⁹⁴ Author's interview with Tanino

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the importance of ODA is always mentioned and a paragraph suggesting India's gratitude included in annual statements. This might well be due to Singh's personal experience of the 1991 currency crisis which strongly benefited from Japanese assistance. Nevertheless officials and diplomats note a frustration with how Japanese aid is increasingly viewed in Delhi.

According to both interlocutors and academics, a creeping 'arrogance' among Indian policymakers complicates Japan's ODA policy towards India. Japan does not face similar charges of ODA equating to 'war compensation' as has occasionally been the case regarding China, but with India a feeling of 'acceptance' rather than 'appreciation' pervades the interaction. Japan has been criticised for continuing to treat India 'vertically' but as Hirose argues, whilst Japan has been 'economically arrogant, India is politically arrogant'. Even in the 1980s according to one Japanese academic, MOF officials were shocked to be greeted by their Indian counterparts in unbuttoned summer shirts.²⁹⁵

India has its own objectives which frequently do not run in parallel with those in Japan. India's intractable desire for self-sufficiency has been a feature of Indian politics since independence. When Japan offered aid following a devastating earthquake in 2001, the Indian government refused, shocking Japanese officials.²⁹⁶ Following the 2004 tsunami, despite being a victim with over 16 000 casualties, India again turned away foreign aid.²⁹⁷ According to Williams this was also a move 'specifically intended to enhance its

²⁹⁵ Author's interview with Esho

²⁹⁶ Author's interview Satu Limaye, *Director, East-West Center, former South Asia Analyst, JIIA* 25 August 2009

²⁹⁷ It should also be noted that a similar position was taken by the Japanese government following the Great East Japan Earthquake. Whilst considerable sums were pledged by foreign governments, Japan was keen to deal with the devastation without external assistance.

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bid for a permanent UN Security Council seat' by proving its status as a responsible power.²⁹⁸ Especially following the experience in 1966 and the war with Pakistan, India is adamant not to compromise her sovereignty.²⁹⁹ Indian policymakers are trying to shift Japan's focus away from ODA towards FDI and PPPs (public-private partnerships).³⁰⁰ In essence, India wants 'trade, not aid'.³⁰¹

Indian bureaucrats also largely see an external loan as 'their money' since interest is paid.³⁰² The central Ministry of Finance receives the amount from abroad, before distributing often at a rate of 5%.³⁰³ The borrowing capacity of states is also considered.³⁰⁴ The government thereby accrues a profit for the nation's budget.³⁰⁵ A difference in perceptions of relative roles exists whereby Japan sees itself as a donor and India considers itself an equal partner.

As one official on condition of anonymity explained, there are fears that Japanese development aid has become 'expected and taken for granted'. At completion ceremonies, whilst in other countries the chief dignitary is a Japanese representative, in India they are invariably Indian.³⁰⁶ Therefore whilst India might 'appreciate' grants and loans issued by Japan, their effectiveness as a foreign policy tool is debatable.

This situation has affected Japan's ability to fashion ODA policy to its own purposes. Japan cannot easily direct funds to a state government or particular initiative but must

²⁹⁸ Brad Williams, 'Why give? Japan's response to the Asian tsunami crisis', *Japan Forum* 18(3) 2006, http://profile.nus.edu.sg/fass/polwb/RJFO_A_194647_O.pdf, p. 406

²⁹⁹ Author's interview with Esho

³⁰⁰ Pant, 'India Looks East and discovers Tokyo'

³⁰¹ Varma, 'Japan's Official Development Assistance to India: A Critical Appraisal', p. 248

³⁰² Author's interview with Hara

³⁰³ In some of the poorer states in the northeast, this charge is not made.

³⁰⁴ Subsidies are provided by the Indian government for weaker states. Author's interview with Suzuki

³⁰⁵ Author's interview with Esho

³⁰⁶ Author's interview with Hara

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rely on the federal government to put Japan's contribution to good use. Furthermore according to JICA in Delhi, whilst loan allocation is increasing there are insufficient workable projects in which Japan can invest.

XIII. 2010 and beyond

For the first few months of the DPJ government, little was reported on aid policy. It was omitted from their political platform and foreign policy went unmentioned in their five pillars of policy, in contrast to the LDP who mentioned aid as a foreign policy tool. In June 2010, however, MOFA called once again for revision of the Charter to improve its efficiency in the face of further budget cuts. A study conducted with contributions from NGOs and business representatives, released in June 2010, proposed a 'new way forward'.³⁰⁷ Falling public sympathy but also the realisation that 'Japan's international presence has become comparatively eroded' was noted. The plurality of actors now involved in development is cited as a further rationale for review. The objective therefore was to improve ODA's 'strategic value and effectiveness'.³⁰⁸

To improve efficiency the report proposed reforms to major aid agencies such as JICA, considering distributing loans in foreign currencies to reduce exchange risks and accelerating the distribution of ODA loans by as much as half and including greater dialogue with other stakeholders. The method of responding to individual requests for projects by governments might also change in the future, according to Okada. No doubt in part in response to previous criticisms, the government hinted towards moving from a

³⁰⁷ 'ODA Review, Summary of the Final Report', *Ministry of Foreign Affairs of Japan*, 29 June, 2010. http://www.mofa.go.jp/policy/oda/reform/pdfs/review1006_summary.pdf

³⁰⁸ 'Enhancing Enlightened National Interest: Living in harmony with the world and promoting peace and prosperity', ODA Review Final Report, *Ministry of Foreign Affairs of Japan*, June 2010, Foreword, p. 3

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‘project based to program-based’ system which would work in closer sync with recipient objectives.³⁰⁹ Some recognition of the need to focus on more ‘bottom of pyramid’ (BOP) schemes was also noted whilst also ‘promoting public understanding and support’.³¹⁰ BOP initiatives are emphasised by the Delhi office of JICA.

The scope of non-governmental organisations in Japan’s ODA policy might increase under the DPJ since they have an ideologically stronger affiliation with NGOs. According to the Final Report, a new ODA Charter will consider ‘enhancing human resource mobility between NGOs and MOFA/JICA’, ‘support to solidify NGOs’ financial basis, expand assistance to NGOs and include ‘deliberation on the establishment of a new modality for cooperation with NGOs’.³¹¹ For India, however, this is unlikely to have significant impact due to India’s protectionist policy towards foreign intervention and the abundance of home-grown organisations, which benefit from inherent knowledge of India’s laws and environment.

XIV. Conclusions on ODA’s role

For many years Japan has used ‘strategic ODA’ as a seemingly benevolent means to promote domestic economic growth. In addition by providing generous ODA packages, Japan has been able to endear governments to becoming politically involved. As Miyagi notes, this was the case regarding Japan’s policy towards the Middle East.³¹² In India,

³⁰⁹ Ibid. p. 11

³¹⁰ Ibid. p. 3

³¹¹ Ibid. p. 17

³¹² Miyagi notes that this was primarily involved in providing aid to Palestinian refugees. Miyagi, *Japan’s Middle East Security Policy*, p. 43

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however, Japan has faced unfamiliar difficulties. Many analysts consider India a ‘very exceptional country’ which requires a different approach to that employed elsewhere.³¹³

Japan is thus still developing its ODA policy towards India. ODA is explicitly stated by MOFA as a tool for Japan’s wider foreign policy but specifically towards India, acts as an instrument to encourage FDI. In 2010 the environment was cited before ‘infrastructure development and investment environment’ in the list of priority areas for Japan but according to officials involved, the ‘*honne*’ aspect of Japanese thinking is always concerned with strengthening economic relations.³¹⁴ As data below by the OECD shows, Japan continues to prioritise ‘Economic Infrastructure’ over other sectors of ODA with ‘Social Infrastructure’ and ‘Production’ ranking second and third respectively. Germany is the only other country to cite infrastructure as a priority area.

Japanese officials hold hopes for a ‘more strategic’ use of ODA in the future. There is a sense of frustration that despite Japan’s efforts, India’s reciprocal appreciation and economic/political/cultural linkages are significantly less than those with other ODA partners. Officials speak of the need for ‘more equal-footing in relations’ and point to both Japanese and Indian weaknesses in explaining obstacles. The desire now is to insert Japanese funds in initiatives which will create ‘bilateral assets for the future’ in ‘pivotal places’.³¹⁵

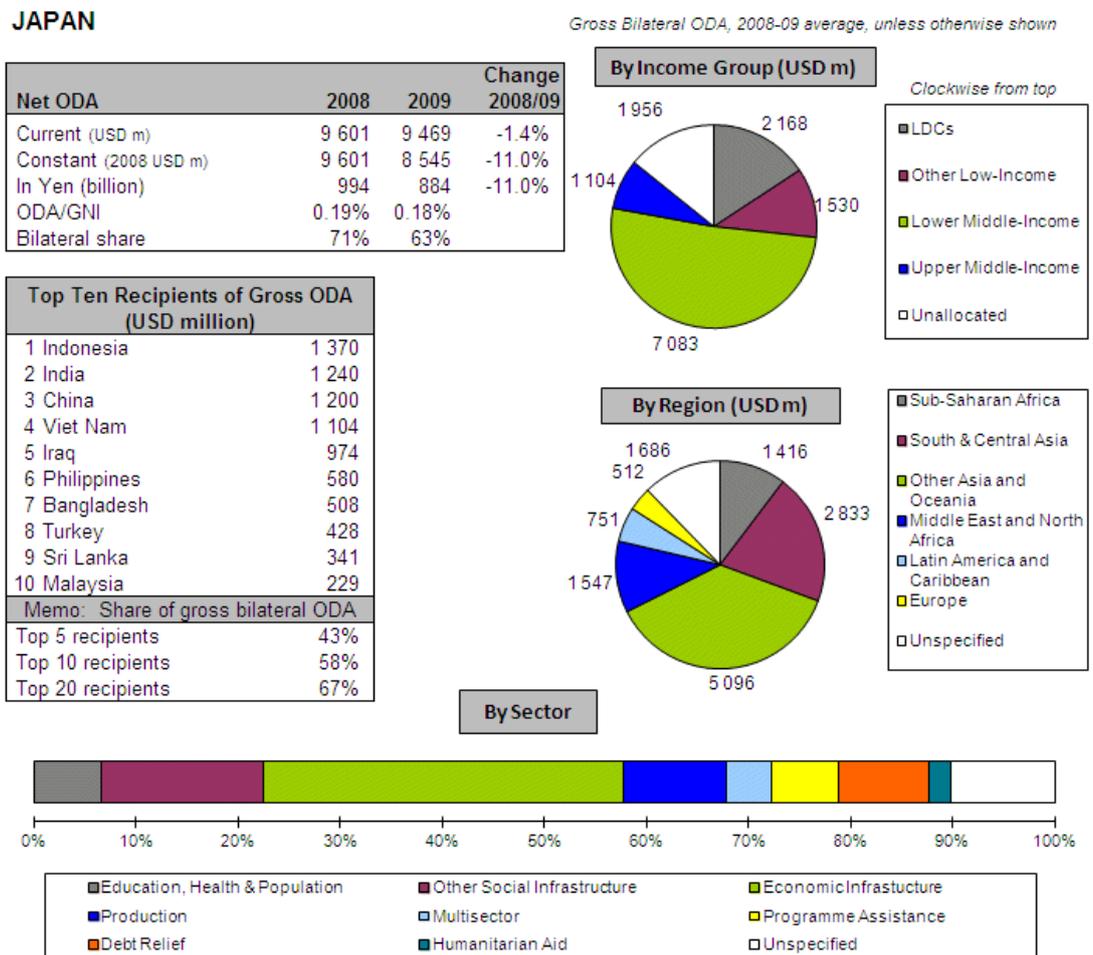
³¹³ Author’s interview with Esho

³¹⁴ Author’s interview with senior official, *International Cooperation Bureau, MOFA*, 15 June 2010

³¹⁵ Author’s interview with Hara

Figure 9

Dispersion of Japan’s Global ODA



Source: OECD - DAC ; www.oecd.org/dac/stats

ODA demonstrates another independent aspect of Japan’s interest in India, aside from US influence and one which is likely to continue to grow apace as Japan’s attention on India’s economic potential increases. According to JICA in Delhi, Japan has several objectives but ‘economic interests have recently been a lot more emphasised’. ‘India is very important to JICA; India is getting a lot of attention...its exciting times’.³¹⁶ The case of ODA to Japan’s overall policy towards attracting India as a strategic partner also highlights the centrality of economic interests to Tokyo’s approach.

³¹⁶ Author’s interview with Suzuki

India is always keen for confirmation of their status as Japan's largest bilateral recipient, consistently the case since 2003. Yet whilst Japan holds this title, India no longer receives the most of Japan's ODA. According to OECD data (see Figure 9) Indonesia ranks first among the top ten recipients of Japan's Gross ODA for the year 2008-09 (the most recent figures available) at \$1.37bn, with India a close second at \$1240m. In order to continue pleasing Indian officials, Japan is likely to feel pressure to continue to expand their ODA operations despite reservations as to its effectiveness for Japanese goals.

ODA, whilst for many years the only economic element of Japan's India policy is now coupled with private sector initiatives, strongly supported by Japan particularly METI. PPPs are growing, slowly moving on from government projects. Japanese companies are still hesitant to work solely with private companies so the inclusion of government guarantees is seen as necessary. According to Asrani, the 'private sector is taking the lead'.

This chapter will now turn to efforts being made to improve trade and investment; utilising some of the infrastructure improvements Japanese ODA has provided. Analysis will be made of what can be learnt about wider economic strategy whilst continuing to consider the interaction between structural and unit-level variables.

XV. Moving into the 'new frontier' and reducing dependence on China

Japan's interest in India points to a transformation in Japan's economic strategy. The development of Japan's post-war economy has been well documented, particularly by

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such scholars as Johnson, Pyle and van Wolferen.³¹⁷ By forming a ‘developmental state’, a term coined by Chalmers Johnson, Japanese government and business formed an alliance to bring Japan out of post-war poverty to growth and prosperity. The LDP, who governed almost uninterrupted over this period, enjoyed consistent support. Outside of Japan, Asian neighbours soon adopted Japan’s export-led model with comparable success in what became the ‘tiger economies’ of Singapore, Hong Kong, Taiwan and ROK. Later in 1978 China also opened its economy, establishing ‘special economic zones’ to export abroad, followed by Malaysia, Thailand, Indonesia and Vietnam.³¹⁸ Japan’s role in Asia was described by Foreign Minister Okita Saburo as ‘lead goose’.

India during this period remained of secondary interest to the Japanese business community. Following the Plaza Accord of 1984, Southeast Asia became the focus of Japan’s economic diplomacy. In the early 1990s Japan established the value-chain model or ‘factory Asia’ before China’s accession to the WTO in late 1999 attracted FDI.³¹⁹ As soon as China opened, Japan entered. According to reports, Deng Xioping personally pleaded with the Sony boss Akio Morita in a meeting arranged by Henry Kissinger.³²⁰ Despite some teething problems, the *zaikai* grew less wary and once again began to ‘tie its fate with the Chinese economy’.³²¹ Japanese firms experienced

³¹⁷ Chalmers Johnson, *MITI and the Japanese Miracle The growth of industrial policy, 1925-1975*, (Stanford; Stanford University Press, 1982); Kenneth B. Pyle, *The Making of Modern Japan* (D.C.; Heath, 1996); Karel van Wolferen, *The Enigma of Japanese Power: People and Politics in a Stateless Nation*, (New York; Vintage Books, 1987, 1992)

³¹⁸ ‘The export trap: Asia’s failing export-led growth model’, *Asia.View, The Economist*, 25 March 2009, <http://www.economist.com/node/13356518> (Accessed on 25/03/09)

³¹⁹ Author’s interview with Naoki Tanaka, *President, Center for International Public Policy Studies, Tokyo* 25 June 2010

³²⁰ ‘Culture shock: Chinese labour unrest is forcing Japanese bosses to change’, *The Economist*, 8 July, 2010, <http://www.economist.com/node/16542339> (Accessed on 08/07/10)

³²¹ Taniguchi, ‘A Cold Peace: The Changing Security Equation in Northeast Asia,’ p. 445-456

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impressive returns, so much so that by 2009 almost 6000 companies had set up subsidiaries in China.

In recent years and months, however, Japanese firms have been forced to consider alternative markets. The Gulf War of 1995, subsequent oil shocks and more recently the rise of China's economy and 9/11 attacks have ushered in a new era of economic as well as political policy. China remains the first choice for the majority of Japanese firms and interest in India or China is not a zero-sum game. Nevertheless appreciation that Japan should not have 'too many eggs in one basket' is growing.

Within China the stability of labour has been called into question by a series of strikes and subsequent annual wage increases of 10-15%.³²² In early 2010 strikes at a Honda factory unsettled business who assumed the CCP would ensure strikes were minimised.³²³ Japanese firms are also concerned by China's reliability as a recipient of Japan's intellectual property, which many fear could be exploited.³²⁴ Added to this, festering anti-Japanese feeling which occasionally erupts into riots or boycotts has hardened Japanese firms to the problem of over-concentrating on China.

Japanese firms are also wary of the limitations of the Chinese market. The market for SMEs remains relatively favourable but for larger firms the Chinese market is reaching saturation.³²⁵ Companies fear missing opportunities elsewhere, despite their hesitancy to establish new markets themselves. Investment opportunities in China are not, however, drying up but by 'risk-hedging' as one government advisor explained. India can

³²² 'Culture shock: Chinese labour unrest is forcing Japanese bosses to change'

³²³ Author's interview with Seth

³²⁴ Ibid.

³²⁵ Author's interview with Sinha

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represent an ‘insurance policy’.³²⁶ By diversifying their risks, the private sector hopes to avoid being at the ‘economic mercy of China’.³²⁷

Today Japan is desperate to branch out overseas. After years attempting to deal with domestic economic stability following exploratory years abroad in the 1980s, firms in ever-greater numbers are again looking offshore for growth potential. The days of Japan as ‘an island’ appear limited. Japan has increasingly noticed the promise of other emerging markets over those established in North America and Europe. Even before the economic crisis, the triangular model of production between Japan (headquarters), ASEAN (production) and the US (consumption) was being called into question as the US’ ability to absorb Japanese products declined.³²⁸ From 2000 to 2010 exports to the US halved and those to Europe fell by a third whilst *Nikkei* has noted the importance of sales in emerging markets to the profits of both major-listed and smaller companies.³²⁹ Under Japan’s previous system, poorer countries such as Thailand (known as the ‘Detroit of Asia’) were used as a production base for export to rich markets but firms are increasingly realising that it is the developing markets they should seek to supply. With this in mind, Japanese companies are adapting their products to suit the markets of, not just the BRICs, but also the ‘MINTS’ (Malaysia, Indonesia, Nigeria, Turkey and Saudi Arabia), the Balkans and Vietnam.

Domestic factors also play a role, as NCR assumes. The strong yen has encouraged firms to move operations abroad, as has Japan’s low productivity compared to other states. According to METI overseas subsidiaries have profit margins as much as one

³²⁶ Author’s interview with Naoki Tanaka

³²⁷ Author’s interview with Kinoshita

³²⁸ Author’s interview with Naoki Tanaka

³²⁹ ‘Japanese firms push into emerging markets’

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third higher than within Japan.³³⁰ Japan's corporate tax rate of 41%, among the highest in the G20 is considered a further incentive.³³¹ In order to avoid these rates, several firms have moved production to states such as Thailand to take advantage of FTAs. Notably the rate of corporate tax in ROK is almost half that of Japan.³³²

India has not been the only recipient of Japan's change; Vietnam was the initial alternative to the Chinese market. Vietnam offers Japan several advantages, not least geographical proximity. In addition Japanese scholars and officials note how despite rhetoric praising India's democratic status, in business situations Vietnam's centralised system offers a swifter decision-making process. As one economist noted, Vietnam is very easy to deal with since government decisions are almost always carried through.³³³ Vietnam is also not experiencing the labour friction of China, currency rise and anti-Japan sentiment.³³⁴

i. *Rare earths*

In addition, Vietnam holds reserves of rare earths which in 2010 became a strategic commodity. Following the Senkaku/Daiyou Islands dispute in which China suspended the export of rare earth metals, Japan sought alternative suppliers. According to China the decision to reduce the quota of exports by as much as 35%³³⁵ was to crack down on illegal mining and protect the environment but the international community read

³³⁰ 'Leaving home: Japan's big companies are shipping production abroad', *The Economist*, 18 November, 2010, <http://www.economist.com/node/17527225> (Accessed on 18/11/10)

³³¹ 'Corporate euthanasia', *A special report on Japan*, *The Economist*, 18 November, 2010, <http://www.economist.com/node/17492760> (Accessed on 18/11/10)

³³² 'Leaving home: Japan's big companies are shipping production abroad'

³³³ Author's interview with Koda

³³⁴ Yuzuru Takano, 'Manufacturers flee China for Vietnam', *Asahi Shimbun*, 26 June, 2010, <http://www.asahi.com/english/TKY201006250440.html> (Accessed on 27/06/10)

³³⁵ 'Rare action, Corporate Japan adjusts quickly to a shortage of rare earths', *The Economist*, 20 January 2011, <http://www.economist.com/node/17967046> (Accessed on 20/01/11)

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Chinese actions as a deliberate attempt to punish Japan. China holds a third of the world's reserves but produces approximately 97% of global supply. Japan is also the country which imports the most of these elements due to Japan's specialism in electronic goods. Reportedly 22.6% of companies surveyed by JETRO reported being affected by the incident.

A number of countries agreed to work with Japan to diversify its dependence on China. In October 2010 Hanoi agreed to supply Tokyo as part of a 'political and strategic decision'.³³⁶ Australia has also benefited from Japan's expansion from China. In late 2010 Japan and Australia signed an agreement to supply Japan.³³⁷

India was also sought as a potential partner. Whilst India only holds 3% of known reserves³³⁸ it is thought to hold vast amounts that are yet to be explored. Japanese companies had recognised this opportunity before the fallout with China, for example in January 2010 Toyota announced plans to process rare earth chloride in the Indian state of Orissa.³³⁹ Whilst cooperation is still in its early stages and extraction is yet confirmed as commercially viable and environmental concerns linger, this example demonstrates how external conditions are able to bring Japan and India closer. As noted in Chapter 4

³³⁶ 'Rare earths supply deal between Japan and Vietnam', *BBC News*, 31 October, 2010, <http://www.bbc.co.uk/news/world-asia-pacific-11661330> (Accessed on 31/10/10)

³³⁷ Joel Rathus, 'Australia and Japan: Emerging partnerships in the shadow of China', *East Asia Forum*, 29 November, 2010, <http://www.eastasiaforum.org/2010/11/29/australia-and-japan-emerging-partnerships-in-the-shadow-of-china/> (Accessed on 29/10/10)

³³⁸ Until 1948, however, India was one of the world's largest exporters of rare earths. Shebonti Ray Dadwal, 'The Sino-Japanese Rare Earths Row: Will China's Loss be India's Gain?' *Strategic Analysis*, 35: 2, (2011), pp. 181-185

³³⁹ Hrusikesh Mohanty, 'Toyota plans processing plant for rare earth chloride,' 26 January, 2010, <http://www.business-standard.com/india/news/toyota-plans-processing-plant-for-rare-earth-chloride/383640/> (Accessed on 12/08/11) Author's interview with Senior Indian MEA official

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regarding India's hesitancy to be seen to be hedging against China, when this issue was raised with the Indian MEA, the response was cautious.³⁴⁰

Nevertheless by having established economic links with these countries in advance, when the urgent need for greater supply of a particular product arose Japan was able to more readily fulfil demand. The Japanese government also pledged \$1bn for research in November 2010 to secure supplies. This effort seemingly soon paid off when in July 2011 Japanese researchers found approximately 100bn tons of rare earths in the Pacific Ocean floor.³⁴¹ Japanese companies are often criticised as impotent to change but on this occasion moved with speed.

ii. *Limitations of other partners*

Vietnam is limited in size so represents just a 'stop-gap'.³⁴² India in contrast is nine times the size of Japan and shows impressive signs of future growth. India's large domestic consumer market has also shielded its economy from the global recession. Even though the Chinese market for Japanese goods is over thirty times greater,³⁴³ this is expected to fall swiftly. In a sense therefore the timing of sustained growth following liberalisation was fortuitous since it coincided with a growing realisation in Japan that markets in China and Southeast Asia were reaching saturation.

³⁴⁰ Ibid.

³⁴¹ 'Japan finds rare earths in Pacific seabed' *BBC News*, 4 July 2011, <http://www.bbc.co.uk/news/world-asia-pacific-14009910> (Accessed on 04/07/11) Another blow was dealt to China's near-monopoly in this field in on July 5 2011 when the WTO declared China's restrictions had been illegal. Jaakko Kooroshy, 'The Rare Earths Supply Crisis', *Chatham House*, 8 July 2011, <http://www.chathamhouse.org/media/comment/view/176701>

³⁴² In both overall population and number of graduates

³⁴³ Ronojoy Banerjee, 'Slowdown blues make Japan favour India over China as investment hub', *Financial Express, India*, 31 March, 2010, <http://www.financialexpress.com/news/slowdown-blues-make-japan-favour-india-over-china-as-investment-hub/597748/> (Accessed on 31/03/10)

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Japanese officials are trying to portray India as not just 'China +1' but a separate entity. Whilst Vietnam or ASEAN might be considered a supplementary destination for trade and investment, the government is keen for India to represent its own engine of growth.³⁴⁴

XVI. Trade – a disappointing record

Despite Abe's hopes that Japan-India ties would surpass those with China, exchange of goods and services has been one of the weakest links between the two countries. Whilst investment figures have shown impressive growth in recent years, trade remains meagre. By 2006 trade totalled only \$8.25bn whereas that with China totalled \$250bn.³⁴⁵ Exports grew from \$2.4bn in 2005-06 to \$2.8bn in 2006-07 and \$3bn by 2008-09 but this figure remains below potential. Among those products India exports are shrimps (Japan is the largest importer), mangoes, minerals, spices and cotton. Trade between India and Japan is also unbalanced with exports from India in 2009-10 totalling \$3.63bn whilst imports in goods such as heavy machinery, electronics, pharmaceutical and biotechnological products were \$6.73bn; almost double. As noted in Chapter 5, Indian iron ore once provided an important resource for Japan's post-war recovery but as India grows increasingly keen to keep its own reserves, Japan has shifted to Australia and Brazil.³⁴⁶

³⁴⁴ Author's interview with Koda and Enoki

³⁴⁵ Purnendra Jain, 'New roadmap for Japan-India ties,' *Japan Focus*, September 4, 2007, <http://www.japanfocus.org/-Purnendra-Jain/2514> (Accessed on 11/11/08)

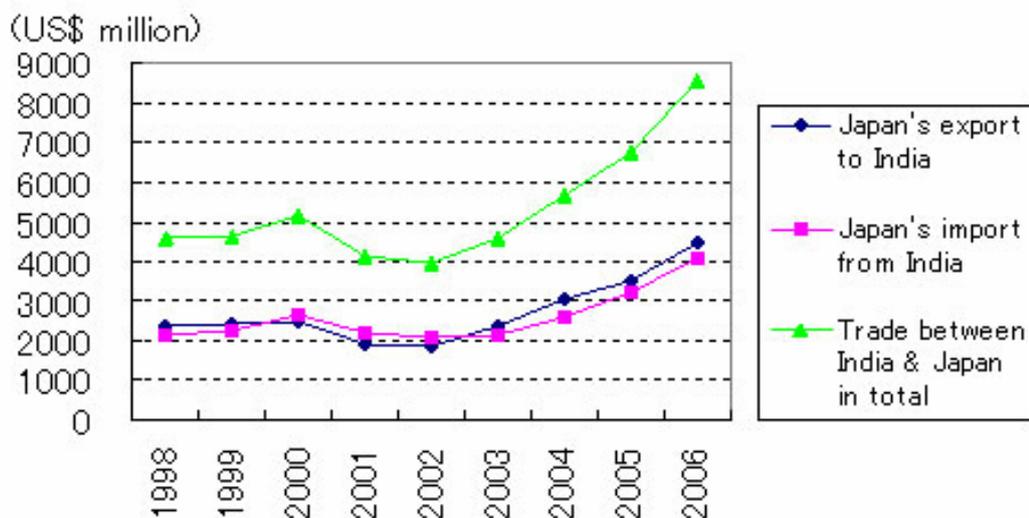
³⁴⁶ Author's interview with Esho

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In 2007-08 bilateral trade crossed the \$10bn mark³⁴⁷ and in 2009-10 stood at \$11bn but this accounted for just 0.9% of total trade in value terms.³⁴⁸ This figure also missed by a significant margin the goal of \$20bn by 2010, set out during Abe's tenure. High agricultural tariffs among other issues discussed above, have been attributed to these disappointing figures.³⁴⁹ Whereas in the 1920s India ranked fifth as an importer of Japanese goods by 2010 Japan was 10th as an export destination for India whilst India was 25th as an export destination for Japan.³⁵⁰

Figure 10:

Japan-India Trade 1998-2006



(Resource: Ministry of Finance, Japan)

³⁴⁷ Sanjana Joshi cited in 'Japan's Renewed Interest in India: An "Upward Trajectory"', *India Knowledge at Wharton*, January 22, 2009, <http://knowledge.wharton.upenn.edu/india/article.cfm?articleid=4347> (Accessed on 19/03/11)

³⁴⁸ 'India & Japan to Strengthen Economic and Trade Ties JETRO Chennai Office Inaugurated', *CII Press Release*, May 1, 2010, <http://www.cii.in/PressreleasesDetail.aspx?id=2746> (Accessed on 02/05/10)

³⁴⁹ Jayant Singh, 'Unresolved issues aplenty before India-Japan FTA', *Indian Express*, August 7, 2008, <http://www.indianexpress.com/news/unresolved-issues-aplenty-before-indiajapan/345670/> (Accessed on 12/11/10)

³⁵⁰ Pravakar Sahoo, 'India-Japan CEPA: A strategic move', *East Asia Forum*, November 12, 2010, <http://www.eastasiaforum.org/2010/11/12/india-japan-cepa-a-strategic-move/> (Accessed on 12/11/10)

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China's comparable position highlights further the relatively minor role each other holds in their respective trade portfolio. In 2008-2009 for example India-China trade reached \$42bn whilst Chinese exports totalled \$32.5bn.³⁵¹ China is both Japan and India's largest trading partner and Japan's trade with China amounts to twenty times more than that with India.³⁵² The current target is \$25bn by 2014.³⁵³

For much of the post-war era, India like other South Asian countries conducted little outside trade but Japan did become India's third largest trading partner in the mid-1990s where it has remained. A considerable amount of trade also flows through third-countries in ASEAN too, such as Thailand which is problematic to calculate. Nevertheless Japan-India trade is growing much faster than that between Japan and China.³⁵⁴

XVII. Key industries for Japan-India cooperation

i. The auto industry

The auto industry represents Japan's major stakeholder in relations.³⁵⁵ The industry has been nurtured by successive Indian governments and is very important to India's growth. Automobile manufacturers have for many years acted as the centrepiece for

³⁵¹ India-China Trade, *Export-Import Data Bank, Department of Commerce, Government of India*, <http://commerce.nic.in/eidb/iecnt.asp>

³⁵² As Kondapalli notes, however, whilst trade between China and India is over \$60 million, the 'devil is in the detail' since figures include Taiwan and Hong Kong and it is difficult to quantify what is channelled through the internet. Author's interview with Kondapalli.

³⁵³ 'India's trade deal with Japan: Exporting yoga', *The Economist*, 17 February 2011, http://www.economist.com/blogs/banyan/2011/02/indias_trade_deal_japan (Accessed on 17/02/11)

³⁵⁴ Author's interview with Vashdev Rupani, *India Chamber of Commerce, Japan* 8 June 2010

³⁵⁵ According to an article by LDP politician Yuriko Koike, the term 'rickshaw' originates from the Japanese word 'jinrikisha' (human-powered vehicle). Yuriko Koike, 'Suzuki and strategic alliance', *Project Syndicate*, February 15, 2010, <http://www.project-syndicate.org/commentary/koike2/English> (Accessed on 16/05/10)

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interaction, so much so that joint ventures between Japanese and Indian vehicle manufacturers predated government initiatives. According to Mancheri, Japanese FDI in the auto industry equated to 41% of investment from 2000 to 2007.³⁵⁶ In 2009 there were 71 Japanese companies working in the sector, involved in their manufacture and production of components.

The car industry was not immune from the obstacles Japanese firms faced in other fields. However in order to work around the Indian environment, joint ventures have been the common mode of entry. Assembly makers and local producers work in close collaboration, maintaining Japanese management techniques and transferring technology in a way in which both parties benefit. As McKinsey has suggested, this route offers Japanese firms quick access to the market and avoids the ‘indignity’ of a takeover; ‘Allying with international players will be the name of the game for the next five years.’³⁵⁷

Under the moderate reforms of Rajiv Gandhi, Japanese automobile firms entered in the 1980s. Honda and Delhi-based Hero formed a joint venture in 1984³⁵⁸ and as discussed below, Suzuki began production in 1981. The industry began to grow substantially in 2003 and despite the financial crisis of 2008, continues to display positive growth.

³⁵⁶ Nabeek Mancheri, ‘Investment by Japanese automobile manufacturers in India – a win-win situation’, *East Asia Forum*, 21 July, 2010, <http://www.eastasiaforum.org/2010/07/21/investment-by-japanese-automobile-manufacturers-in-india-a-win-win-situation/> (Accessed on 21/07/10)

³⁵⁷ ‘No country is an island: Japan is reluctantly embracing globalisation’, *The Economist*, 29 November, 2007, <http://www.economist.com/node/10169924> (Accessed on 29/11/07)

³⁵⁸ This tie-up ended in 2010 when Honda decided to go-it-alone, according to Kondo, due to problems working with Hero. Honda now plans to double its annual output of motorcycles to 4 million units by 2013, build another plant and expand dealerships across India by 25%. ‘Honda to up India motorcycle output’, *Japan Times*, 27 May 2011, <http://search.japantimes.co.jp/cgi-bin/nb20110527a2.html> (Accessed on 27/05/11)

ii. *The case of Suzuki*

Foreign policymaking is not solely the labour of diplomats but increasingly one involving multiple actors. As NCR requires, by opening the ‘black box’ of domestic actors it is necessary to assess the efficacy of Japan’s engagement with India by considering other organisations. The business community is one such grouping and as the case of Suzuki proves, in order to create a favourable foreign policy environment elite members of business have played a crucial role. In many respects the Maruti-Suzuki joint venture represents the ‘flagship’ Japanese investment to date.³⁵⁹

Following Indira Gandhi’s unforeseen return to power in 1981 and another visit to the IMF for financial support, the Indian government introduced some limited liberalisation, particularly in the auto sector. Suzuki heard rumours that Volkswagen AG³⁶⁰ in (then) West Germany had been contacted for possible collaboration with the Indian state-owned firm Maruti Udyog Ltd and put forward its own proposals, which were eventually accepted.

Maruti Udyog was founded by Sanjay Gandhi, Indira Gandhi’s son with the objective to produce a ‘people’s car’ for India’s growing middle class.³⁶¹ Indira Gandhi was said to be so distraught by her son’s early death in a plane accident that she personally ensured the company was a success.³⁶²

³⁵⁹ ‘Japan’s Renewed Interest in India: An “Upward Trajectory”’

³⁶⁰ Interestingly in 2010, Suzuki Japan and Volkswagen became partners themselves.

³⁶¹ No models were actually produced during his lifetime

³⁶² For more detail on the Suzuki-Maruti joint venture, see Haber, ‘The Death of Hegemony’, pp. 892-9

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Domestically Suzuki was in dire straits. The firm had been forced to sell shares to General Motors and was essentially compelled to seek out new markets. The partnership almost immediately showed dividends. By 1984 a 'Maruti Revolution' meant demand outstripped supply and a two-year waiting list was imposed. In 1985 the company produced 50 000 units annually, surpassing 1m in FY 2009.³⁶³ Since entering India the venture has manufactured almost 9m units and maintained a market share of 54.4%.³⁶⁴ India will soon be the company's largest production base and an 'export hub' for wider afield.³⁶⁵

Suzuki's success in India has not been shared by the majority of Japanese car firms. Following Suzuki's example Japan pushed for further joint ventures involving namely Honda and Nissan but both were rejected.³⁶⁶ Toyota also faced problems when in partnership with DCM India and ultimately failed. Suzuki-Maruti has too been affected by problems such as industrial action, for example in September 2000 in the Gurgaon factory when it had promise to reinvest profits in India rather than Japan. A strike in June 2011 saw almost 2000 workers strike for 13 days at the main factory in Haryana.³⁶⁷

³⁶³ 'Suzuki makes million cars in India', *Japan Times*, 25 March, 2010, <http://search.japantimes.co.jp/cgi-bin/nb20100325a3.html> (Accessed on 25/03/10)

³⁶⁴ Chanchal Pal Chauhan and Lijee Philip, 'Suzuki chief to visit India as Maruti gears up to make VW brands', *Economic Times*, 23 November, 2010, <http://economictimes.indiatimes.com/news/news-by-industry/auto/automobiles/Suzuki-chief-to-visit-India-as-Maruti-gears-up-to-make-VW-brands/articleshow/6973444.cms> (Accessed on 23/11/10)

³⁶⁵ Bogdan Popa, 'Suzuki to Use India as Key Export Market', *Auto Evolution*, 30 November, 2010, <http://www.autoevolution.com/news/suzuki-to-use-india-as-key-export-market-27342.html> (Accessed on 01/12/10) 'As we want to use India as an export hub, ports are very important. We would like to request the government to improve them' Osamu Suzuki.

³⁶⁶ 'Etsuro Ishigami, 'Competition and Corporate Strategy in the Indian Automobile Industry with special reference to Maruti Udyog Limited and Suzuki Motor Corporation,' Paper presented at '2004 International Conference: A Comparison of Japanese Firms and Korean Firms in Indian Automobile Market', November 5, 2004, Gyeongsang National University, Korea. http://www.adm.fukuoka-u.ac.jp/fu844/home2/Ronso/Shogaku/C49-3+4/C4934_0291.pdf, p. 293

³⁶⁷ 'India: Strike at Maruti Suzuki called off', *BBC News*, 17 June 2011, <http://www.bbc.co.uk/news/world-south-asia-13804415> (Accessed on 17/06/11)

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Furthermore Japan's presence in Indian industry has not universally been welcomed. In 1986 for example a convention on 'Japanese Influence on Indian Automobile Industry' voiced concern over the threat of Japan's competitiveness.³⁶⁸ Japan's 'mercantilist' approach to Indo-Japanese relations was also criticised. In fact due to the problems of the Maruti case, the Indian government slowed its liberalisation of the automobile sector for fear of becoming dominated by Japan.³⁶⁹

The reason for Suzuki's success has not been due to any particular government-led initiative but rather certain market conditions and Suzuki's own business opportunism. Osamu Suzuki, President of Suzuki Motor Corporation is described as a 'creative decision-maker, a maverick' who took a well-timed gamble by taking his company into such uncertain territory.³⁷⁰ He is reportedly close to the Indian government, particularly the Gandhi family, a position firms such as Toyota and Honda do not enjoy. The nuclear tests of 1998 did not adversely affect Suzuki since he faced fewer international competitors and had an established position in the market.

The auto industry remains one of the strongest for Japanese firms interested in India's growth. For instance Nissan Motor Co. is considering India as an additional export base to Thailand and Toyota Motor Corp. is increasing production.³⁷¹ In mid-2009 Honda Motor Co. released its own small car in India and plans to build a second car plant after sales in 2009 grew by 111%.³⁷²

³⁶⁸ Haber, 'The Death of Hegemony', p. 902

³⁶⁹ Ibid. p. 903

³⁷⁰ Koike, 'Suzuki and strategic alliance'

³⁷¹ In 2009 Toyota held just 3% of the market but announced in December 2010 strong advance orders for its first model of small car in India. 'Toyota: Advance Indian orders strong for Etios', *Japan Times*, 17 December, 2010, <http://search.japantimes.co.jp/cgi-bin/nb20101217a7.html> (Accessed on 17/12/10)

³⁷² 'Honda to build second cycle plant in India', *Japan Times*, 10 March, 2010, <http://search.japantimes.co.jp/cgi-bin/nb20100310a2.html> (Accessed on 10/03/10)

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India's car market is not yet on a par with China's where in comparison to 9.34m produced and sold in 2008 in China, India only provided 2.42m. Manufacturing is also 12-15% cheaper in China.³⁷³ Where India's strength lies is in the potential of the market with an aspiring middle class with significant purchasing power. India's auto market is Asia's third largest and projected to triple over the next decade at a time when demand in other markets is falling.³⁷⁴

iii. *The promise of the IT sector*

Another evident complementarity has been identified as the IT sector. Whilst Japan is ranked one of the most innovative countries according to patent and researcher per capita, Japan's software industry is virtually non-existent.³⁷⁵ In India, however, the IT industry begun in the 1970s has gained international reputation.³⁷⁶

Japan's early interest was based around India's IT potential. When Mori made his landmark visit to India in 2000, he was not only going to bolster the US' heightened interest in the subcontinent but also for domestic ends. By stopping first in Bangalore, India's 'Silicon Valley', it was evident where Mori's priorities lay. Mori came fresh from the Kyushu-Okinawa G8 Summit where the idea of using information technology to bring economic growth had been widely discussed. Mori used the opportunity to

³⁷³ Mancheri, 'Investment by Japanese automobile manufacturers in India – a win-win situation'

³⁷⁴ The Suzuki-VW tie-up was one of several during 2009 to feed the growing Asian market. General Motors and SAIC in China signed a deal to produce cars in India and PSA Peugeot Citroën and Mitsubishi were also holding negotiations. Suzuki's foothold in the emerging market was cited as one of the company's strongest assets. 'Asian alliances: VW, GM and Peugeot-Citroën', *The Economist*, 9 December, 2009, <http://www.economist.com/node/15063005> (Accessed on 09/12/09)

³⁷⁵ 'Innovation through regulation: Why America's corporate innovation beats Japan's', *Business.view*, *The Economist*, 2 June, 2009, <http://www.economist.com/node/13766329> (Accessed on 02/06/09)

³⁷⁶ Keiichi Hirose, 'Firms eye Hyderabad, India's newest star', *Japan Times*, 16 October 2010, <http://search.japantimes.co.jp/cgi-bin/nn20101016f2.html>. (Accessed on 16/10/10) Japan largely missed out in the early years of India's 'tech-boom' preferring to outsource IT to the US. The language barrier, small population of Indians in Japan and preference for completing business in-house all served as additional barriers.

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emphasise Japan's technological advances and launch a 'Japan-India IT Promotion and Cooperation Initiative'.³⁷⁷ During a speech to IT business leaders Mori claimed 'IT is the key to the prosperity in the 21st century. Since my administration was inaugurated, one of its central pillars has been the promotion of the IT revolution'.³⁷⁸ Japan's role, it was envisaged, was to support developing countries by investing in infrastructure and forming policies for the IT sector.³⁷⁹

Following this initiative IT cooperation increased significantly. In December 2005 10 000 of the approximately 17 000 Indians residing in Japan were thought to be working in the IT sector.³⁸⁰ By the end of 2008 the figure was 22 000.³⁸¹ Whilst the US and Europe have remained priority destinations, Japan has attracted a number of companies seeking to balance Japan's high-tech hardware capabilities with their own software skills. The easing of visa rules in 2001 served as a major stimulus. Whilst there was little rhetoric calling for political synergy during Mori's visit, it was evident that practical economic cooperation formed the basis of Japan's 'rapprochement'.

iv. *Pharmaceuticals*

Another industry where Japan and India have pooled their resources, expertise and demand is pharmaceuticals. In particular Japan has its eye on Indian generic drugs

³⁷⁷ 'Face to Face Interview: Interview with Mr. Osamu Watanabe: JETRO Focusing on Business Match-Making Programme', *India One Stop*, <http://www.indiaonestop.com/face2face/osamu.htm>

³⁷⁸ 'Speech concerning Information Technology by Prime Minister Mori at the meeting with the leaders from Indian IT companies, hosted by Honourable Mr. S. M. Krishna, Chief Minister of Karnataka, 'IT Cooperation between Japan and India in the 21st Century', 22 August, 2000, Bangalore, India

³⁷⁹ Rajaram Panda, 'India and Japan in the New Century', Nalini Kant Jha (ed.), *South Asia in Twenty-First Century: India, Her Neighbours, and the Great Powers*, (Delhi: South Asian Pub, 2003) p. 276

³⁸⁰ Trevor Clarke, 'Japan's own Indian tech boom', *Japan Times*, 9 January, 2007, <http://search.japantimes.co.jp/cgi-bin/fl20070109zg.html> (Accessed on 09/01/07)

³⁸¹ 'Indians aid Japan's IT industry', *Japan Times*, 14 November, 2009, <http://search.japantimes.co.jp/cgi-bin/nn20091114f5.html> (Accessed on 14/11/09)

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which represent almost 99% of all the drugs India produces at a much cheaper cost. India's pharmaceutical industry is a rarity for its international competitiveness without foreign collaboration.³⁸² Japan contains an ageing population and the second-largest market for pharmaceuticals but its domestic drugs industry is plagued by stringent regulations and price controls, which are considered a '*de facto* non-tariff trade barrier'.³⁸³ Even though the sector is thought to be widely recession-proof, it has suffered from bureaucratic rules, which often involve duplicating lengthy trials to satisfy the conservative Ministry of Welfare and Health.³⁸⁴ A lack of mutual recognition for licences³⁸⁵ has also caused friction, especially when Japan argues that Indian drugs are unsuitable for Japanese.³⁸⁶

Japan's Health Ministry was also long-hesitant to allow Indian mangoes into Japan due to a virus-carrying fly which reportedly resides in the seeds inside.³⁸⁷ For twenty years Indian mangoes were prohibited from import creating another *de facto* trade barrier.³⁸⁸ The ban was finally lifted in June 2006 and in November 2010 after repeated calls from Islamabad. Tokyo also lifted the ban on Pakistani mangoes suggesting a more relaxed attitude.³⁸⁹

³⁸² Author's interview with Ken Kubo, *Researcher, South Asia, Institute of Developing Economies (IDE), Indian Statistical Institute*, 28 February 2011. The Institute for Developing Economies (IDE) particularly studies the agricultural sector in India. The IDE is formally affiliated with METI but works mainly autonomously or with JETRO.

³⁸³ 'A homespun elixir: Japan's drug firms on the move', *The Economist*, 20 May, 2010, <http://www.economist.com/node/16168270> (Accessed on 20/05/10)

³⁸⁴ *Ibid.*

³⁸⁵ Author's interview with Noda

³⁸⁶ Indeed some diplomats claim to feel stronger affects from Indian drugs even though the US accepts Indian drugs, weakening their case. For many years this dispute has raged. Interestingly for example, in 1992 following a Japanese Economic Mission one of the requests made to the Japanese government was for the 'establishment of permanent medical clinic with Japanese doctors', demonstrating Japan's concern with the Indian medical system.

³⁸⁷ Author's interview with APS Mani, *President, India IT Club Japan* 18 June 2009

³⁸⁸ India is the world's largest producer of mangoes. Author's interview with Sakakibara

³⁸⁹ 'JA to introduce Pakistani mangoes in Japan', *AAJ News*, 23 November, 2010,

<http://www.aaj.tv/2010/11/ja-to-introduce-pakistani-mangoes-in-japan/> (Accessed on 23/11/10)

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The details over pharmaceuticals proved one of the most cumbersome to resolve during CEPA negotiations. India called on Japan to relax regulations on the sale of particularly low-cost generic drugs in Japan, a demand which few Japanese bureaucrats or politicians were then willing to relent. India is also keen for its doctors and nurses to be able to practise in Japan but the issue of language has proved troublesome.³⁹⁰

In order to placate the public and health community, Japanese companies have entered the Indian markets through joint ventures; the purchase of Ranbaxy Laboratories by Daiichi Sankyo the most notable example.³⁹¹ The Japanese government has made some efforts to reduce launch times for new drugs to 2.5 years and encourage greater use of generic drugs but the issue has proven a sticking point.³⁹² In March 2010 the Indian Ambassador raised the issue again calling for quick clearance of drugs into the Japanese market.³⁹³

A breakthrough came in 2010 within the DPJ's 'New Growth Strategy'.³⁹⁴ The victory of the DPJ was suspected to bring fundamental changes to Japan's business environment since ideologically, DPJ members whilst from a broad swath of backgrounds were supposed to favour policies to the Left rather than the pro-business perspective which characterised the LDP. In the opening months of the new administration, however, it was clear that economic growth was the priority. In order to

³⁹⁰ Author's interview with senior official, *Embassy of Japan, London, served in Delhi 1993-96, 2006-09* 20 April 2010

³⁹¹ When Daiichi Sankyo bought the Indian firm Ranbaxy Laboratories, however, this 'hit an emotional nerve' in India according to Kubo Ken since this company was regarded as a 'crown jewel' example of an 'Indian success story'. The deal also ran into trouble a few weeks after its launch as a scandal accusing Indian factories using poor operating standards, shocked Japan's confidence. Author's interview with Kubo

³⁹² The goal is to increase the share of generics to over 30% by FY2012. 'JETRO Seminar in India: Investment Opportunities – Japanese Pharmaceutical Market "Case Studies of Alliances and M&As between India and Japan"', *Press Release, JETRO*, 20 November, 2009

³⁹³ Author's interview with Noda

³⁹⁴ For more detail on the DPJ's 'New Growth Strategy', see http://www.Kantei.go.jp/foreign/topics/2009/1230strategy_image_e.pdf

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bring about a ‘strong economy, robust public finances and a strong social security system’, among the measures was the intention to ‘relax regulations on foreign doctors and nursing care workers for providing medical care services in Japan’.³⁹⁵ Whilst not specifically directed towards India, the announcement no doubt pleased lobbyists in India. Eventually CEPA allowed generic drug exports similarly swift approval processes to domestic firms.³⁹⁶

Once again economic realities encouraged Japanese decision-makers to loosen previously-held positions to improve relations with India. The argument that reducing restrictions would lower government healthcare expenditure has for obvious reasons, not been cited by officials. MOFA officials continue to argue that they ‘won’t give special treatment to India’ and that they are ‘not going to compromise on drugs and security’³⁹⁷ but according to one economist, the fear of losing space in the auto industry, stirred the bureaucracy to concede. As will be evidenced in other instances (such as nuclear exports), Japan’s bureaucracy has been forced to reduce previously held ideological objections for greater economic goals.

XVII. Japan’s ‘flagship’ investments: the DMIC and DFC

Japan has not just lamented India’s poor infrastructure, efforts have been made to employ Japanese expertise to improve the situation. Japan can do little about India’s labour and tax system but can assist infrastructure-development.³⁹⁸ By assisting in the

³⁹⁵ ‘On the New Growth Strategy’, *Cabinet Decision, DPJ Government*, 18 June, 2010, p. 51

³⁹⁶ Sourabh Gupta, ‘Japan-India economic ties and the promise of the Delhi-Mumbai industrial corridor’, *East Asia Forum*, 4 November, 2010, <http://www.eastasiaforum.org/2010/11/04/japan-india-economic-ties-and-the-promise-of-the-delhi-mumbai-industrial-corridor/> (Accessed on 04/11/10)

³⁹⁷ Author’s interview with senior official, *Southwest Asia Division, MOFA* 30 June 2010

³⁹⁸ Author’s interview with Koda

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construction of a more favourable environment for investment furthermore the Japanese government is able to demonstrate their commitment to working with India.

'Flagship' investments include the Delhi-Mumbai Industrial Corridor (DMIC) and Dedicated Multimodal High Axle Load Freight Corridor project (DFC). This latter project was the initiative of India, particularly PM Singh who conceived of both an eastern and western plank and announced plans during Koizumi's 2005 visit. The DMIC, however, proposed in 2006 emerged in part due to Suzuki's operations in India. The majority of Suzuki-Maruti vehicles are produced in plants on the outskirts of Delhi yet in order to export them to Europe and elsewhere the nearest port is Mumbai (Bombay), at a distance of 1500km.³⁹⁹ Suzuki, hoping to improve the situation, petitioned the Indian government to work with Japan to improve logistics. METI then interviewed manufacturing companies in Japan to explore issues they faced in India to learn that not only an industrial zone would be beneficial but also a logistics park. Officials amalgamated suggestions into one proposal to present to the Indian government who agreed to endorse the plan.⁴⁰⁰ According to some experts, there was some tension with MOFA over this project which was thought to overrule the initially planned DFC and be too ambitious but currently both are in progress.⁴⁰¹

In October 2008 Japan agreed to provide India with a low-interest loan worth \$4.5bn to construct a 1483km long railway between Delhi and Mumbai, linking India's two

³⁹⁹ Author's interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010

⁴⁰⁰ Suzuki Ltd had also hoped for a rail-line directly from their plant to be part of the plans but this was rejected so the company entered into independent talks with the state government. Author's interview with Kondo

⁴⁰¹ Anonymous interview

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largest cities (see Figure 11 below).⁴⁰² The corridor will hold a 4000MW power plant, three ports and six airports. In addition 'High Impact Developments' were proposed at loci of 150km either side, covering six states,⁴⁰³ offering to double employment potential, triple industrial output and quadruple exports from the region in five years.⁴⁰⁴ The area of the project is expected to equal the size of Honshu and represents the first attempt to conduct such a vast project across states. Whilst Japan is concentrating on the Western corridor due to the concentration of Japanese businesses interested in the area, an Eastern corridor is under consideration, financed by the WB. The Indian government has agreed to invest \$90bn in the project with another \$70bn expected from private investments.⁴⁰⁵

⁴⁰² In February 2011 as CEPA was signed, the two governments also agreed to a joint fund of \$9 bn to kick-start the project. 'India, Japan target \$25-bn trade by '14' *Business, Standard*, 17 February 2011, <http://www.business-standard.com/india/news/india-japan-target-25-bn-trade-by-14/425494/> (Accessed on 17/02/11)

⁴⁰³ These states are Haryana, Uttar Pradesh, Madhya Pradesh, Rajasthan, Gujarat and Maharashtra

⁴⁰⁴ 'India's Economic Prospects & India-Japan Partnership', *Address by H.E. Mr H.K. Singh, Ambassador of India at Special Breakfast Meeting for Japan Center of Economic Research*, November 12, 2009, p. 58

⁴⁰⁵ Author's interview with Kondo

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‘smart grid’ power transmission line networks along the corridor.⁴⁰⁷ Other Japanese firms have committed to work with state governments to create eco-friendly cities.⁴⁰⁸

As METI willingly admits, previous policy was to make repeated requests to the Indian government to little avail but has now altered its approach to work closer with Indian officials. The DMIC it is hoped will provide a manufacturing hub where Japanese businesses can thrive and feed off Japan’s experience. As one diplomat noted, the project is ‘not a philanthropic effort’ but an attempt to create a market for Japanese business to exploit.⁴⁰⁹ Given their long-term application furthermore, these two ‘mega projects’ may offer more than CEPA signed in 2011. The current target for completion is 2017.

Opinion of the project is, however, mixed though the majority of those questioned looked upon plans favourably. According to Panda, the scheme will ‘catapult the bilateral relations to a level that will be the envy of other nations in Asia.’⁴¹⁰ Those Japanese businesses involved are also positive. According to Mitsubishi, the DMIC is a ‘God-given opportunity’, which no other country has been able to suggest, demonstrating Japan’s unique role in India.⁴¹¹ In addition whilst on such projects there are usually limits to Japanese involvement (of around 70%) this is not the case, offering even greater opportunities. For JICA the DFC (part of the larger DMIC) is ‘the next big

⁴⁰⁷ ‘China’s IT certification not a threat: Naoshima’, *Japan Times*, 24 March, 2010, <http://search.japantimes.co.jp/cgi-bin/nb20100324a3.html> (Accessed on 24/03/10)

⁴⁰⁸ Mizuho Corporate Bank and JGC Corporation agreed in November 2010 for example to work with a Singaporean property company, to promote urban development in a Special Economic Zone. ‘Mizuho, JGC to push Indian urban property project’, *Japan Times*, 18 November, 2010, <http://search.japantimes.co.jp/cgi-bin/nb20101118a1.html> (Accessed on 18/11/10)

⁴⁰⁹ Author’s interview with senior official, *Embassy of Japan, New Delhi*, 17 February 2011

⁴¹⁰ Rajaram Panda, ‘India-Japan Economic Relations: Focus on the DMIC’, *IDSA Fellows Seminar*, 25 March 2011, <http://www.idsa.in/event/IndiaJapanEconomicRelationsFocusonDMIC> (Accessed on 27/03/11)

⁴¹¹ Author’s interview with Vargu

thing' which will act as the 'anchor for all other projects'. Sceptics, however, doubt the likelihood of land acquisition efforts bearing fruit and greater attention going to other projects such as a corridor between Bangalore and Chennai.⁴¹² Other sectors eyed include asset management, scientific exchange,⁴¹³ green technologies, the steel and cell-phone industry.⁴¹⁴

XVIII. Domestic level actors

i. The role of METI

METI has played a pivotal role encouraging Japanese investment in India. In north India the work of METI and JETRO in securing the DMIC brought significant investment and more recently Japan has turned its attention south. In May 2010 JETRO opened a further office in Chennai (Madras), Tamil Nadu recognising the need to focus on individual states for trade opportunities. By choosing Chennai, Japan stated its hope to use India as a springboard to Southeast Asian markets, a new initiative for Japan.⁴¹⁵ Chennai is also known as a hub for electronics and IT production, dubbed the 'Detroit of India'⁴¹⁶ but also an area where commercial ports are particularly poor. Tamil Nadu also recently saw the launch of a new Nissan plant and the government has noted an interest in the Chennai-Bangalore corridor which might include a bullet train between

⁴¹² Author's interview with Kondo

⁴¹³ Author's interview with senior official, *Embassy of India, Tokyo* 22 June 2010

⁴¹⁴ According to Kubo Ken at the IDE, JSW (an Indian firm) and JFE (second steel company) are planning to build several plants. Author's interview with Kubo

⁴¹⁵ According to Masayuki Naoshima, Japanese Minister of Economy, Trade and Industry, Japan is looking at Chennai as India's gateway to South-East Asian countries.

⁴¹⁶ Author's interview with senior official, *Embassy of Japan, London, served in Delhi 1993-96, 2006-09* 20 April 2010

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cities.⁴¹⁷ In 2010 the JCCI report noted that it was ‘necessary to expand, maintain and improve roads around Chennai and access to Ennore Port.’

JETRO has signed Memoranda of Understanding with four state governments (Rajasthan 2006, Gujarat 2007, Orissa and Madhya Pradesh 2008) and plans to sign another with Maharashtra. In July 2006 JETRO agreed with Indian officials to establish the first exclusive Japanese Investment Zone in Neemrana, Rajasthan and plans are afoot to create a similar park for Japanese investors in Tamil Nadu.⁴¹⁸ In August 2009 seventeen Japanese companies had established themselves in the industrial park where Hitachi is planning to set up a power plant.⁴¹⁹ In addition METI have sponsored events to broaden awareness of Japanese brands in an attempt to tap into India’s growing middle-class market.⁴²⁰

ii. Politicians

Political influence has also played a limited part. Okada, Foreign Minister was previously a ‘METI man’ and Naoshima, METI Minister had formerly worked for Toyota which according to one official, encouraged him to support auto companies,

⁴¹⁷ ‘JETRO sets up shop in Chennai’, *ENS Economic Bureau*, 3 May, 2010, <http://expressbuzz.com/finance/jetro-sets-up-shop-in-chennai/170248.html> (Accessed on 03.05/10) Moreover, according to the Japanese ambassador to India, Hideaki Domichi, the Government of Japan is keen to extend financial assistance to the proposed Chennai-Bangalore corridor project. ‘This project is another strategic area from our point of view. Big Japanese companies like Toyota are already here, and the Chennai area is also attracting a lot of Japanese investments.’

⁴¹⁸ ‘More Japanese firms planning foray into State’, *The Hindu*, 1 May, 2010, <http://beta.thehindu.com/news/states/tamil-nadu/article419420.ece> (Accessed on 01/05/10)

⁴¹⁹ Arpita Mathur, ‘Japanese Foreign Direct Investment in India: A Weak Link in Ties’, *RSIS Policy Belief*, Issue No. 1, 19 March, 2010, http://www.rsis.edu.sg/publications/policy_brief/RSIS%20-%20PB%20-Issue%20no%201%20-%202010%20%28pdf%29.pdf (Accessed on 06/10/10) p. 2

⁴²⁰ The inclination of METI to publicise their efforts more than MOFA should also be considered when assessing the number of initiatives publicised by the ministry.

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particularly in Chennai.⁴²¹ The most tangible area where politicians have affected Japanese economic strategy, however, has been in how policy is rhetorically framed. Chapter 8 and Chapter 4's discussion of the role of Prime Minister ideology argued that under the LDP a security-focused approach was sought before economic linkages had been secured. This ultimately failed but under the DPJ a more practical method has been adopted. This places Japanese policy in greater sync with India's vision.

iii. Limitations of government initiatives

Overall, despite Suzuki's efforts, initiative remains government-led. This represents a potential handicap for the future health of relations where it is widely believed private investment should take the lead. Diplomats on both side of the relationship regret the 'shepherding'⁴²² Japanese businesses have relied upon thus far. As one Deputy Ambassador to India in Tokyo states, the two cannot continue to be 'hand-held'.

Despite concerted efforts, economists and trade diplomats alike recognise that only private sector activity will allow bilateral relations to truly prosper.⁴²³ In Chapter 7 it will be noted how influence from the business community has factored into Japan's nuclear policy but regarding trade and investment, government officials have found it harder to exert similar pressure. As Kondo states, the most important person for Japanese firms in India to know is the Japanese ambassador since many negotiations are channelled through the Embassy. For Korean firms, business takes the lead.⁴²⁴

⁴²¹ Author's interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010

⁴²² Author's interview with senior official, *Embassy of India, Tokyo* 22 June 2010

⁴²³ Author's interview with Esho

⁴²⁴ Author's interview with Masanori Kondo, December 21, 2010, London

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Encouraging greater FDI to bolster economic relations has been a particular priority for Japan's government, where the focus of this chapter will now turn.

XIX. FDI as a foreign policy tool

Foreign Direct Investment into India has been a historically weak area of cooperation. Japan has been a 'belated convert' to the benefits of FDI, in stark contrast to China who has viewed FDI as an essential element of its economic success. In Japan, despite a large consumer market, the country receives one of the lowest ratios of FDI inflows in the world.⁴²⁵ Strict regulations and high labour costs are seen as the primary culprits. India too has been a late-comer to the benefits of investment from outside parties and despite its potential is forecast to witness little FDI due to labour laws, inefficiencies and poor infrastructure. China will no doubt remain at the forefront (3rd globally) of FDI interests in Asia in the future, as the EIU-CPII 'World Investment Prospects to 2011' report noted.⁴²⁶

After years of hesitation regarding China's potential in the 1980s and early 1990s, Japanese companies launched with gusto into the Chinese market. India therefore lost out on Japan's late 1980s 'investment boom'. Regrettably when India did initiate reforms in the early 1990s, Japan was experiencing the fallout of its burst bubble. Japan accounted for just 6% of India's FDI between 1991 and 2006 according to a report by the Confederation of Indian Industry (CII).⁴²⁷ In FY2007 Japan's FDI totalled only

⁴²⁵ 'Three Asian giants, Forecasting foreign investment in China, Japan and India', *The Economist*, 6 September, 2007, <http://www.economist.com/node/9769084> (Accessed on 19/12/08)

⁴²⁶ 'World Investment Prospects to 2011: Foreign direct investment and the challenge of political risk' is produced by the Economist Intelligence Unit (EIU) with the Columbia Program on International Investment (CPII). It charts global FDI trends over the next five years, by surveying more than 600 direct investors. http://www.eiu.com/site_info.asp?info_name=eiu_world_investment_prospects_2007&rf=0

⁴²⁷ Mathur, 'Japanese Foreign Direct Investment in India: A Weak Link in Ties'

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\$815m compared to \$411 million in smaller Vietnam and \$1899m in China.⁴²⁸ India's attractiveness as an investment destination has multiplied and a number of Japanese complaints remain valid but the figure remains poor given the potential. In 2009-10 total FDI into India fell by almost a third due in part to the economic crisis but according to analysts also due to unease over the Indian market – either for overheating, slow progress on reforms and corruption which received particularly high media attention that year.⁴²⁹ Inflation is also a growing concern.⁴³⁰

i. *Japanese commercial interest*

Among the first Japanese ventures in India was Sony. Following negotiations with the Indian government, 'Sony India' established operations in January 1995 with a 100% subsidiary.⁴³¹ As the METI Minister Hashimoto Ryotaro said in his speech in Delhi on 6 January 1995, Japan had been 'reawakened to India's vast potential both as a manufacturing base and as a huge consumer market'.⁴³²

After a slow start, between 2006-07 and 2009-10 the number of firms operating in India tripled to 300 as companies, impressed with India's ability to weather the economic downturn, entered.⁴³³ Fourteen million people joining the working population each year also offered appealing consumer demand. India has become the most favoured

⁴²⁸ Nataraj, 'India-Japan Investment Relations: Trends and Prospects'

⁴²⁹ 'India's economy: Calling on the gods', *The Economist*, 3 March 2011, <http://www.economist.com/node/18291557> (Accessed on 03/03/11)

⁴³⁰ 'India's economy: the half-finished revolution', *The Economist*, 21 July 2011, http://www.economist.com/node/18986387?story_id=18986387 (Accessed on 21/07/11)

⁴³¹ 'About Sony: Sony India', <http://www.sony.co.in/article/211979/section/overview>

⁴³² Hashimoto quoted in Varma, 'Japan's Official Development Assistance to India: A Critical Appraisal', p. 237

⁴³³ 'There is a lot of excitement among Japanese companies about India. The country has weathered the downturn better than most countries, giving an opportunity to Japanese companies', Naoyoshi Noguchi, former Director General of JETRO. Banerjee, 'Slowdown blues make Japan favour India over China as investment hub'

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destination (70% of those surveyed by JBIC) for long term investments. In the medium term, 58% of companies surveyed want to do business in India.⁴³⁴ According to JETRO chairman Hayashi Yasuo, 'Japanese investment in India tripled in 2006 and doubled again in 2007.'⁴³⁵ Whereas Japan's investment used to be one fifth of that which went to China, the figure is now approximately a third.⁴³⁶ Figures released in January 2011 largely echo earlier sentiments with JBIC reporting 74.5% now choosing India as an investment destination for the next 10 years. JETRO's annual survey of 'Overseas Business Operations of Japanese Manufacturers'⁴³⁷ showed that 83% of companies surveyed expressed a desire to 'strengthen or expand their overseas operations'. When asked in JETRO's recent survey the reasons for pursuing emerging countries, the opportunities from the middle class represented 68.1% of respondents' interest.

Between 2000 and 2010 Japan ranked seventh in cumulative FDI equity inflow, estimated at approximately \$3,714m,⁴³⁸ with \$1,183m between April 2009 and March 2010. Some of the largest investments included expansion by Honda and Canon. Toshiba Corporation has also announced a joint venture in India for the manufacture of turbines and plans to market televisions.⁴³⁹

⁴³⁴ 'India and Japan', *India Brand Equity Foundation*, June 2010, <http://www.ibef.org/india/indiajapan.aspx>

⁴³⁵ 'Japan's Renewed Interest in India: An "Upward Trajectory"'

⁴³⁶ Author's interview with Koda

⁴³⁷ The survey was conducted from July through August 2010, covering 961 companies, of which 605 returned valid responses (response rate: 63%).

⁴³⁸ According to the latest data released by the Department of Policy and Promotion (DIPP), 'India and Japan', *India Brand Equity Foundation*

⁴³⁹ 'Toshiba looks for better India sales' *Japan Times*, 23 July 2011, <http://search.japantimes.co.jp/mail/nb20110723a4.html> (Accessed on 23/07/11)

Figure 12 **FDI inflows into India from Japan (\$bn)**

Year	FDI from Japan	Total FDI inflows into India	Japan's share of total FDI flows
2002-03	0.41	3.13	13.15
2003-04	0.08	2.63	2.96
2004-05	0.13	3.75	3.36
2005-06	0.21	5.55	3.75
2006-07	0.09	15.73	0.54
2007-08	0.82	24.5	3.32
2008-09	0.41	27.33	1.48
2009-10	.18	25.89	4.57

Source: Department of Industrial Policy and Promotion, Government of India.

In the financial sector, Japan's Mizuho Financial Group joined the State Bank of India and in 2011 hinted at plans to extend operations in India well as other emerging Asian markets. The State Bank also projects growth in Japanese branches.⁴⁴⁰ Bridgestone Corporation, another Japanese firm which produces automobile tyres, entered India in 1998 and currently holds a market share of almost 30% and hopes to expand.⁴⁴¹ Hitachi Construction Machinery recently bought out its partner, Tata Motors. In 2010 Yamaha's announced plans to double its number of sales outlets in India in the next five years⁴⁴² and even Japan Tobacco has considered India as rising taxes and health consciousness

⁴⁴⁰ Hiroko Nakata, 'State Bank of India bullish on Japan business' *Japan Times*, 21 January 2010, <http://search.japantimes.co.jp/cgi-bin/nb20100121a3.html> (Accessed on 21/01/10)

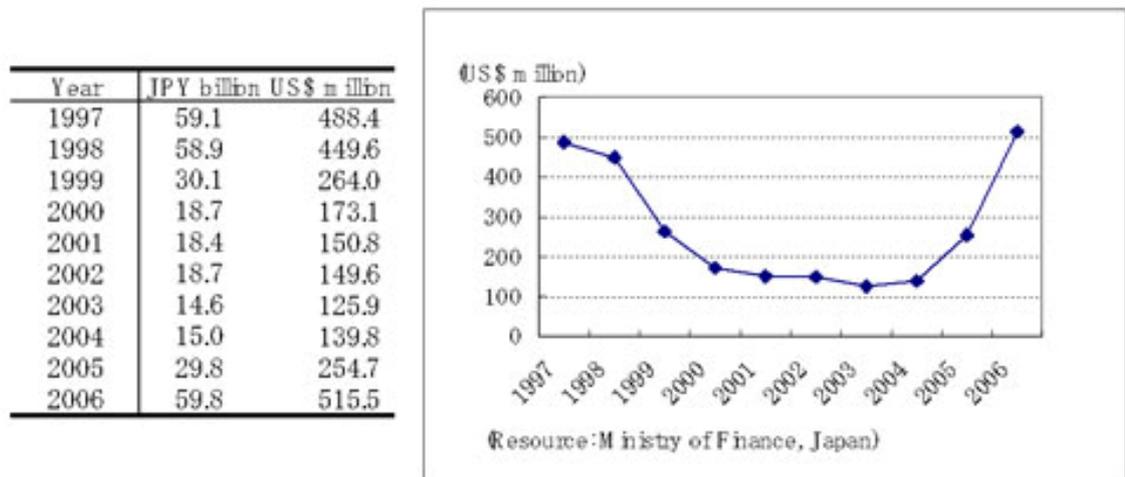
⁴⁴¹ 'Japanese Manufacturers in the Indian Market Move to Secure Their Lead', *Nikkei Business*, 20 April, 2010, <http://business.nikkeibp.co.jp/article/eng/20100420/214079/> (Accessed on 20/04/10)

⁴⁴² Subramaniam Sharma, 'Yamaha to Double India Showrooms to Tap Rural Demand', *Business Week*, 18 June, 2010, <http://www.businessweek.com/news/2010-06-18/yamaha-to-double-india-showrooms-to-tap-rural-demand-update2-.html> (Accessed on 18/06/10)

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reduces the smoking rate in Japan.⁴⁴³ In India the 120m smokers represents a four-fold increase on the number of potential customers in Japan.⁴⁴⁴

Figure 13 **Net Inflows of FDI from Japan and India**



The year 2009 was particularly active for Japanese FDI. Two major takeover deals boosted Japan's annual figure when the pharmaceutical firm Daiichi Sankyo bought 34.8% of Ranbaxy Laboratories for \$4.6bn⁴⁴⁵ followed by NTT DoCoMo, the telecoms conglomerate bought a 26% stake in Tata Teleservices Ltd.⁴⁴⁶ These two acquisitions accounted for over four-fifths of the total FDI from Japan.⁴⁴⁷ With a strong yen these firms have also been able to acquire foreign assets at a reduced rate. In 2009 Japanese investment to India in the fiscal year surpassed that of China. However according to

⁴⁴³ 'Japan Tobacco eyes India to offset shrinking market at home', *Japan Times*, 18 March, 2010 (Expired story)

⁴⁴⁴ Under the existing policy, FDI up to 100% was allowed in tobacco, with prior permission of the Foreign Investment Promotion Board (FIPB), and subject to the company obtaining an industrial licence. In April 2010, however, the Indian government blocked FDI in the tobacco industry, scuppering the plans of Japan Tobacco International to increase their market share to 74% from 50%. 'Govt bans FDI in cigarette manufacturing', *Business Standard*, 9 April, 2010, <http://www.business-standard.com/india/news/govt-bans-fdi-in-cigarette-manufacturing/391345/> (Accessed on 09/04/10)

⁴⁴⁵ 'A homespun elixir: Japan's drug firms on the move'

⁴⁴⁶ 'Japan's Renewed Interest in India: An "Upward Trajectory"'

⁴⁴⁷ Author's interview with Rajaram Panda

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Kondo, whilst Japan likes to make this claim, technically Chinese trade surpassed that with India for the *calendar* year. Furthermore Japanese FDI has remained largely concentrated in two major sectors; the automotive industry (60%) petrochemicals (20%).⁴⁴⁸ Greater variety is expected in the future and METI predicts that the conclusion of market research by electronics companies will soon see greater investment in this sector.⁴⁴⁹ Scholars predict the trend to continue with slightly lower figures in coming years without such large projects but an upturn is undisputed.

ii. *Foreign Institutional Investors (FIIs)*

Japan's interest in India can also be calculated by the increase in Foreign Institutional Investors (FII). According to IBEF the first 'India Investment Funds' were established in 2004, doubling to sixteen between 2005 and 2007 totalling \$8.2bn.⁴⁵⁰ Interestingly as one Ambassador to India commented, in 2009 whilst FDI totalled approximately \$8bn, so too did both ODA and FII. Ordinarily FII represents just 10-15% of the total.⁴⁵¹ As India is considered a more transparent destination for funds, the appeal of the market has grown. FIIs have witnessed a 'new flurry' of interest in Japan with an increasing number of queries into pension funds among others.⁴⁵² Japan's large cash reserves are

⁴⁴⁸ Geethanjali Nataraj, 'India and Japan: Increasing interest, declining inflows', *East Asia Forum*, 9 September 2009, <http://www.eastasiaforum.org/2009/09/09/india-and-japan-increasing-interest-declining-inflows/> (Accessed on 09/09/09) p. 19

⁴⁴⁹ Author's interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010

⁴⁵⁰ Portfolio investors from Japan into India include funds such as Nomura India Security Investment (US\$ 920.5 million), Shinko Pure India Equity Fund (US\$ 617.1 million), JF India Fund (US\$ 142.7 million), BlackRock India Equity Fund (US\$ 929.1 million) Mitsui-Sumitomo India-China Equity Fund, HSBC India Open Fund (US\$ 1033.3 million) from HSBC Investments (Japan) K. K, Sumitomo Mitsui Asset Management Co., Ltd. (US\$ 264.1 million) and Shisei Investment Management Co., Ltd (US\$ 241.9 million) among others. 'India and Japan' *India Brand Equity Foundation*

⁴⁵¹ Author's interview with Enoki

⁴⁵² Author's interview with Bhattacharyya

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encouraging investors to look abroad, especially as interest rates remain puny at home.⁴⁵³

XX. The Japan-India ‘Comprehensive Economic Partnership Agreement’

The centrepiece of Japan’s economic relationship with India has been negotiations towards a Comprehensive Economic Partnership Agreement (CEPA). In November 2004 during the ASEAN summit meeting in Vientiane, Japan identified India and China as priority partners of the ‘next-generation of FTAs’ and established study groups to explore opportunities. Negotiations began in January 2007. Both countries agreed to aim for completion within two years but eventually fourteen rounds over four years were required to cover all issues of disagreement. Despite concern that CEPA would not be signed into law after Fukushima and since in India only 38% of Bills were passed in the Parliament in 2010,⁴⁵⁴ CEPA was approved and came into force on August 1st 2011.⁴⁵⁵

The negotiations were the longest of the twelve METI has concluded. Japan was particularly keen to reduce tariffs on vehicle components exported in large numbers from Japan. India’s primary issue was for Japan to simplify the approval procedure for generic drugs and allow greater numbers of Indians to work in Japan. The India-ROK agreement was on Japanese negotiators’ minds too.

⁴⁵³ ‘Japanese financial firms develop a yen for India’, *Business Rediff*, 3 August, 2009, <http://business.rediff.com/report/2009/aug/03/japanese-financial-firms-develop-a-yen-for-india.htm> (Accessed on 03/08/09)

⁴⁵⁴ Author’s interview with SS Parmar, *Commander, Indian Navy and Research Fellow, IDSA*, 1 March 2011

⁴⁵⁵ The Japan-Indonesia FTA was delayed for example by the political calendar. Author’s interview with Kondo, December 2010.

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The final agreement required Japan to reduce tariffs on 97% of Indian imports whilst India reduced tariffs on 90% by 2020. In total approximately 9000 products were freed from duties.⁴⁵⁶ Japanese exporters now enjoy the same liberalisation on auto-parts, white goods and iron and steel products as Korean firms. CEPA went beyond a traditional FTA, which would only remove tariffs and trade barriers. The accord with India could instead be described as an 'FTA+'⁴⁵⁷ since it also facilitates the exchange of services such as software and banking, promotion of investment, movement of natural persons, competition and protection of intellectual property rights.⁴⁵⁸ This is particularly important for Japan and India who rely heavily on the service-sector. According to Nataraj (one of the few Indian economists looking at the relationship), this sector represents 50% of GDP in India and over two-thirds in Japan.

Greater labour exchange is also proposed, aided in part by a visa agreement secured in 2010 to allow Japanese workers in India to stay for three years. A social-security agreement is also set to be agreed by 2014 focused on Indian nurses and Japanese care-workers.⁴⁵⁹ India certainly has plenty of labour at its disposal compared to Japan which is expected to shrink by 3.5m by 2020 according to the ILO whilst Goldman Sachs believe India's will grow by 110m.⁴⁶⁰

⁴⁵⁶ 'Broad agreement is reached to forge free-trade pact with India', *Japan Times*, 10 September, 2010, <http://search.japantimes.co.jp/cgi-bin/nb20100910a4.html> (Accessed on 10/09/10)

⁴⁵⁷ Author's interview with Bhattacharyya

⁴⁵⁸ S. D. Naik, 'India-Japan Ties – Moving to the Next Level,' *The Hindu Business Line*, 2 January 2007 <http://www.thehindubusinessline.com/todays-paper/tp-opinion/article1645326.ece> (Accessed on 05/11/08); 'Joint Declaration between the Leaders of Japan and the Republic of India on the Conclusion of the Comprehensive Economic Partnership Agreement between Japan and the Republic of India', *Speeches and Statements by the Prime Minister of Japan*, 25 October, 2010, http://www.Kantei.go.jp/foreign/kan/statement/201010/25sengen_india_e.html

⁴⁵⁹ 'India, Japan target \$25-bn trade by '14'

⁴⁶⁰ 'India's trade deal with Japan: Exporting yoga'

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Both governments voiced enthusiasm at the signing in February 2011, with Japan stating that CEPA will ‘elevate the Strategic and Global Partnership between Japan and India to a new level [and] make maximum use of respective competitive advantages to promote the development of both economies.’⁴⁶¹ Okada noted the Agreement also made Japan and India ‘mutually...each other’s greatest bilateral trade EPA partners’.⁴⁶² For Prime Minister Singh the agreement was ‘a historic achievement that signals the economic alignment of two of the largest economies in Asia; ‘It will open up new business opportunities and lead to a quantum increase in trade and investment flows between our two countries.’⁴⁶³

Neither Japan nor India is truly ‘liberalised’. In fact both countries have shown their willingness to shoulder international pressure for free trade policies and sideline the Doha Round of WTO negotiations. Japan operates several strictly regulated sectors, which themselves deter foreign investors. As *The Economist* pointed out in 2007, Japan once restricted imports of foreign skis, claiming Japanese snow was different.⁴⁶⁴ Both governments reserved some industries from free trade promotion, notably agriculture and pharmaceuticals. Japan for example was able to exempt sensitive items such as rice, beef, pork and poultry. It was thought that India’s list of ‘negative’ items would be larger than that of Japan with 8% of tradable items included whilst only 3% were for Japan but in the end, Japan benefitted most from the agreement.⁴⁶⁵ India is known as a

⁴⁶¹ Ibid.

⁴⁶² ‘Statement by Mr. Katsuya Okada, Minister for Foreign Affairs of Japan, on Agreement in Principle on the Comprehensive Economic Partnership Agreement between Japan and the Republic of India’, 9 September, 2010, http://www.mofa.go.jp/announce/announce/2010/9/0909_03.html

⁴⁶³ Masami Ito, ‘India, Japan agree on broad trade deal’, *Japan Times*, 26 October 2010, <http://search.japantimes.co.jp/mail/nn20101026a1.html> (Accessed on 26/10/10)

⁴⁶⁴ ‘No country is an island: Japan is reluctantly embracing globalisation’

⁴⁶⁵ ‘Breakthrough in Japan-India trade talks, including pharma, look set to see signing of FTA this year’, *The Pharma Letter*, April 12, 2010, <http://www.thepharmaletter.com/file/27146/breakthrough-in-japan-india-trade-talks-including-pharma-look-set-to-see-signing-of-fta-this-year.html> (Accessed on 12/04/10)

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tough negotiator so it is perhaps surprising that Japan gained so much from CEPA. There had been increasing will on both sides, however, to present something favourable and stop stalling over details. Japan at least realised that it had more to lose, being at a disadvantage compared to other economies, from not concluding CEPA.⁴⁶⁶

India was more willing to compromise over CEPA by 2009/10 as the structural environment developed. India realised they were never going to benefit significantly from the deal but were keen to send China a message of intent, especially as China's diplomacy showed more dynamism. The existence of structural pressure thereby played an important role. According to the ADB Institute, Japan's exports to India are expected to rise by 2.5% whilst India's exports to Japan would only increase by 0.3%.⁴⁶⁷ The benefits for India after concluding CEPA with Japan can therefore largely be seen as strategic. Just as Japan has been encouraged to forge pacts following China's moves, India has also been spurred to act. India is competing with China for Japanese investments. CEPA represents India's first FTA with a developed economy.

Opinion on the deliverables of CEPA is mixed. Overall, commentators and stakeholders appreciate the symbolic value of the agreement, demonstrating commitment and intent to closer ties. News of the agreement was given prominent attention in Japan whilst India's coverage was more muted. Representatives from the Japan Automobile Manufacturers Association and Japan Iron and Steel Federation for example were positive.⁴⁶⁸ However according to a Mitsubishi official interviewed, companies asked

⁴⁶⁶ Author's interview with Esho. In addition, since import duties are higher in India than elsewhere, partners gain more from FTAs.

⁴⁶⁷ Masahiro Kawai and Biswa N. Bhattacharyay, 'Forging a Comprehensive Economic Partnership between Japan and India: Prospects and Challenges,' *India-Japan Economic Corporation Seminar*, ICRIER, July 14, 2008, p. 13

⁴⁶⁸ 'Japan, India To Nix 90% Of Tariffs In 10 Years', *Nikkei*, 26 October 2010, <http://e.nikkei.com/e/fr/tnks/Nni20101025D25JFF05.htm> (Accessed on 26/10/10)

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about their expectations note that since tariffs are already quite low, at 5-10% the impact is unlikely to be large. In fact with the yen's rise, the change might just even out.⁴⁶⁹ The majority of experts sourced, believe it will take 5-10 years for any difference to be tangible and Japan's campaign for reform will likely not abate now CEPA has been signed. As Professor Kondapalli appreciates, pressure on India to open its retail sector and continue liberalising the economy, especially labour laws will continue.⁴⁷⁰ There were, however, more immediate political goals sought on both sides. Officials wary of the political schedule and need to demonstrate progress were keen to conclude during Singh's annual visit. Some more sceptical voices, also believe the speedy resolution of previous sticking points by India was due to their desire to 'give something to Japan', in the hope of greater dividends in the future (see Chapter 7 for details of these aims). Each FTA is complicated in democracies but by mid-2010 there was added pressure to conclude a deal. As a senior diplomat at the Delhi Embassy explains, 'We cannot negotiate forever, Japan has a strategic edge in technology but we cannot fall behind'.⁴⁷¹

Furthermore as Gupta has argued, whilst CEPA might appear 'plain-vanilla in content', the atmosphere of protectionism within which it was signed signalled progress.⁴⁷² CEPA was also significant for Japanese foreign policy in a broader sense. The extended FTA agreement represented Japan's first such agreement with a major economy and the DPJ's first trade deal. The deal was also announced as part of the DPJ's 'New Growth Strategy' (June 2010) whereby the government stated that 'in order to achieve the "strong economy"...it is necessary to deepen economic relationships with Asian and

⁴⁶⁹ Author's interview with Vargu

⁴⁷⁰ Author's interview with Kondapalli

⁴⁷¹ Author's interview with senior official, *Embassy of Japan, New Delhi*, 17 February 2011

⁴⁷² Gupta, 'Japan-India economic ties and the promise of the Delhi-Mumbai industrial corridor'

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emerging countries whose markets are expected to grow.’ In addition to this inclination towards states such as India, Japan has stated an intention to ‘play a leading role in actively promoting bilateral Economic Partnership Agreements within the Asia-Pacific region’ by increasing efforts to conclude negotiations with Australia and Korea.⁴⁷³

The conclusion of the agreement was not purely strategic and in response to growing fears over China's economic dominance, yet objectives were more than just economical. It would be mistaken to correlate these actions as merely evidence of Japan's ‘reactive’ status as Curtis has argued. Certainly the external environment influenced decision-making but no more drastically than all states pursuing national interests. India's middle class, estimated at 620m by 2020,⁴⁷⁴ is the prize being fought.

XXI. FTAs as strategic foreign policy tools

CEPA represents a wider change of course in Japan's economic policy whereby FTAs are the preferred means to strengthen economic cooperation and bring Japan economic growth. ‘Free trade agreements’⁴⁷⁵ have witnessed a boom in recent years. Whereas in 1991 there were just six, by 1999 there were 42 and a decade later in 2010 the figure stood at 167.⁴⁷⁶ According to economists, the challenges of promoting pan-regional free trade have encouraged governments to form sub-regional agreements and today Asia

⁴⁷³ Japan's haste in resuming negotiations over a Japan-Australia is thought to also be due to China's own talks with Australia over trade. FTA negotiations have progressed little due to Australia's already-low tariffs but strategically the two governments have appreciated greater synergy of interests. Rathus, ‘Australia and Japan: Emerging partnerships in the shadow of China’, Talks with Korea have stalled over a number of issues, including disagreement with Korea's negotiations with the US which many in Tokyo felt would deter trade away from Japan. Noriyuki Mita, Director for FTA/EPA Affairs, METI ‘Japan's EPA/FTA and Regional Economic Integration Policy’, *Seminar given to participants of Waseda GIARI Summer Institute on Regional Integration*, August 2009

⁴⁷⁴ Miya Tanaka, ‘Japan-India pact may help exports’, *Japan Times*, 26 October 2010, <http://search.japantimes.co.jp/mail/nb20101026a1.html> (Accessed on 26/10/10)

⁴⁷⁵ There is currently no consensus behind a universal definition

⁴⁷⁶ ‘Doing Doha down: Trade agreements’, *The Economist*, 3 September, 2009, <http://www.economist.com/node/14363297> (Accessed on 03/09/09)

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holds more FTAs than any other region. The global financial crisis is thought to have also accelerated this trend as Asian countries appreciate the importance of intra-Asian trade over reliance on the US market.

Yet some argue that the proliferation of regional trade deals actually hampers Doha talks ever reaching a conclusion.⁴⁷⁷ Economists argue that they distract governments from the multilateral process and that since trade barriers within Asia are relatively low, their utility is small.⁴⁷⁸ The practical uses of FTAs are also open to dispute. According to one survey by the ADB, only one fifth (22%) of exporters in Japan, ROK, Singapore and Thailand in 2008 took advantage of free trade deals. Baldwin also argues that in ASEAN countries the ASEAN Free Trade Area accounts for less than 3% of total trade.⁴⁷⁹ The ‘noodle soup’ of agreements nonetheless has become the *modus operandi* for the majority of states in Asia who appreciate the greater costs of remaining outside rather than within new frameworks.

Japan was a late starter to FTAs. According to one METI bureaucrat, until the millennium Japan had only ‘one spear exclusively focused on the WTO round’.⁴⁸⁰ Following disenchantment with the multilateral system, Japan took a more active stance launching several simultaneous rounds of negotiation. Japan’s first agreement came in

⁴⁷⁷ ‘Doing Doha down: Trade agreements’

⁴⁷⁸ Aaditya Mattoo, from the World Bank cited in ‘Asian trade: The noodle bowl’, *The Economist*, 3 September, 2009, <http://www.economist.com/node/14384384> (Accessed on 03/09/09)

⁴⁷⁹ Baldwin cited in Thomas Hale, ‘The *de facto* ‘free trade area’ in East Asia’, *East Asia Forum*, 29 December, 2010, <http://www.eastasiaforum.org/2010/12/29/the-de-facto-free-trade-area-in-east-asia/> (Accessed on 29/12/10)

⁴⁸⁰ Yochiro Sato, ‘Japan and the Emerging FTAs in the Asia-Pacific Leadership’, in Sato and Limaye eds., *Japan in a Dynamic Asia: Coping with the Security Challenges*, p. 37

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2000 with Singapore, coming into effect in 2002.⁴⁸¹ This was followed soon after by talks with Mexico, Korea, Thailand, the Philippines and Malaysia.

Additional stimulus came in 2002 when China made the surprise statement of a free trade proposal to ASEAN. Koizumi rushed to meet ASEAN leaders and announce a similar pact even though domestic disagreement prevented consensus. By the end of 2003 Japan and ASEAN agreed instead to initiate individual agreements with the hope of concluding all by 2012. This, however, would still be behind the schedule pursued by China. In November 2010 Japan agreed to conclude an FTA with Peru after only launching preliminary talks in May 2009.⁴⁸² Once again Japan was keen to tap into the South American market where the US and China had already established a foothold.⁴⁸³

Further external influences emerged from other states' activism. In addition to China's agreement with ASEAN,⁴⁸⁴ India's own negotiations for a FTA served as a wake-up call to Japanese diplomats.⁴⁸⁵ As part of India's 'Look East' strategy, India has branched out from the subcontinent and sought integration in the region to the East. Singapore in particular has long held strong affinity with India,⁴⁸⁶ not only due to the number of Indian-born residents but also a shared concern with Chinese dominance.

India and ASEAN signed and concluded an FTA in August 2008.

⁴⁸¹ Notably this FTA was simpler to negotiate due to Singapore's non-existent agriculture sector which has caused major disruption to negotiations with other governments.

⁴⁸² In June 2011 the FTA was signed on almost 99% of trade items, however, controversial products such as rice and frozen fish were exempt. Peru and ROK had earlier in March of 2011 signed a similar FTA in addition to agreements with the US, China, Singapore and Canada. Alex Martin, 'Japan and Peru sign free-trade agreement', *Japan Times*, 1 June 2011, <http://search.japantimes.co.jp/cgi-bin/nb20110601a4.html>

⁴⁸³ 'Japan, Peru conclude FTA talks, eye market for autos', *Japan Times*, 15 November, 2010, <http://search.japantimes.co.jp/cgi-bin/nb20101115a2.html>, (Accessed on 15/11/10); 'Joint Statement on the Conclusion of Negotiations for an Economic Partnership Agreement between Japan and Peru', *Ministry of Foreign Affairs, Japan*, November 14, 2010, <http://www.mofa.go.jp/region/latin/peru/epa1011/joint1011.html>

⁴⁸⁴ The final FTA officially began on January 1, 2010

⁴⁸⁵ Author's interview with senior official, *Embassy of Japan, New Delhi*, 17 February 2011

⁴⁸⁶ Mita, METI 'Japan's EPA/FTA and Regional Economic Integration Policy'

An India-ROK FTA also came into effect in January 2010 offering ROK firms greater use of India as a manufacturing hub en route to the Middle East and Indian IT workers opportunities in ROK. Korea has proven itself as an ambitious actor on the FTA stage, signing agreement with the EU among others and recently restarting talks with the US.⁴⁸⁷ According to reports, trade leapt 40-50% after CEPA with India came into force.⁴⁸⁸ As a later section addresses, ROK has acted as an important structural stimulus to Japan.

XXII. Obstacles on the road to free trade

Despite ambitious hopes, free trade and ‘open regionalism’ in Asia has been difficult to achieve. The WTO demand for unanimous decisions and increase in the number of members has made reaching conclusions problematic,⁴⁸⁹ as have the diverse economic interests in the region.⁴⁹⁰ On a global scale India has been widely blamed for its role in the collapse of the Doha round in July 2008 and Japan has faced strong criticism for its defensive position on fisheries and agriculture. According to the WTO, India and Japan came in 3rd and 7th respectively as members subject to complaint by the dispute settlement body (DSB) between 1995 and 2009.⁴⁹¹ As a statement by the Japanese

⁴⁸⁷ ‘Corporate euthanasia’

⁴⁸⁸ Author’s interview with senior official, Embassy of Japan, Delhi, 28 February 2011

⁴⁸⁹ Mita, ‘Japan’s EPA/FTA and Regional Economic Integration Policy’

⁴⁹⁰ In South Asia, regional conflicts have prevented economic cooperation from making significant progress, with the exception of a preferential trade agreement (customs union) signed in 1993. Sato, ‘Japan and the Emerging FTAs in the Asia-Pacific Leadership’, p. 50

⁴⁹¹ WTO sources cited in ‘Global trade disputes: Trading blows’, *The Economist*, December 1, 2009, <http://www.economist.com/node/15006195> (Accessed on 01/12/09)

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Government noted in November 2010, whilst the Doha Round ‘continues to be important...[its] fate remains uncertain.’⁴⁹²

Japan like India, presents two conflicting approaches to business. On the one side international corporations such as Toyota, Honda, Suzuki, Sony and Canon actively seek foreign markets. According to Koizumi’s economic advisor, only a quarter of Sony’s sales are for the domestic market whilst 90% of Canon’s are abroad. Yet import penetration and inward FDI remain among the lowest in the OECD.

Agriculture has proved a decisive sector for both Japan and India in trade negotiations. Whilst India’s Prime Minister is largely in favour of free trade due to his background as an economist, several of his fellow politicians are sensitive to the political need to protect agriculture.⁴⁹³ The sector represents almost 15% of GDP and provides employment to 55% of the workforce.⁴⁹⁴

In Japan, protection of agriculture, particularly rice production has stifled Tokyo’s attempts to wield greater diplomatic influence. EPAs involving Japan frequently liberalise just 50-60% of farm products (rice can only be negotiated at the WTO) whilst in ROK, almost 99% of non-rice trade is liberalised.⁴⁹⁵ The farm lobby, led by the Japan Agricultural Co-operatives hold particular political sway, so much so that according to the OECD, Japanese pay twice as much for their food as the market would suggest.

⁴⁹² ‘Basic Policy on Comprehensive Economic Partnerships’, *Ministerial Committee on Comprehensive Economic Partnerships, Ministry of Foreign Affairs, Japan*, November 6, 2010, <http://www.mofa.go.jp/policy/economy/fta/policy20101106.html>

⁴⁹³ Author’s interview with Kondo, London

⁴⁹⁴ ‘Agriculture’, *India Brand Equity Foundation*, November 2010, <http://www.ibef.org/economy/agriculture.aspx> Other sources put these figures at 18% and 60% respectively. Choorikkadan, ‘India gearing up for growth’

⁴⁹⁵ Richard Katz, ‘Why Is Korea More Able to Reach FTAs Than Japan?’ *SSJ Discussion Forum*, 14 December, 2010, http://ssj.iss.u-tokyo.ac.jp/archives/2010/12/ssj_6455_why_is.html (Accessed on 15/12/10)

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Farming accounts for just 2% of GDP but strong political leadership has been consistently unable to silence protectionist voices.

The DPJ's struggle pushing through the Trans-Pacific Partnership (TPP) in 2010/11 was primarily due to Japan's farm industry's ability to hold Japan's wider economy hostage.⁴⁹⁶ Japanese opinion towards free trade is strong. According to a 2010 Pew Research Centre poll, the majority (72%) favoured increasing trade (in ROK the figure was 88%).⁴⁹⁷ Yet as Richard Katz points out, institutional restraints prevent Japan from acting on this goodwill. Whereas in ROK the Ministry of Foreign Affairs and Trade oversees all stages of negotiation, in Japan each chapter is negotiated by those ministries which are potentially affected giving rise to in-fighting and even veto rights to one ministry. MOFA leads negotiations but has to negotiate internal frictions such as contradictions between Agriculture and Industry. This bureaucratic 'turfism' stifles decisive decision-making and can occasionally lead to embarrassment for the Japanese government, as was the case when Koizumi hoped to sign a FTA with the President of Mexico during a visit but was delayed by the Ministry of Agriculture.⁴⁹⁸ Minister Okada created a bureau specifically to manage Japan's FTAs and reduce the influence of

⁴⁹⁶ Foreign Minister Maehara referred to in 'Japan and its unfree trade: Paddies vs. Prius', *The Economist*, 11 November, 2010, http://www.economist.com/node/17472720?story_id=17472720 (Accessed on 11/11/10) The Trans Pacific Partnership (TPP) currently only counts Brunei, Singapore, New Zealand and Chile among its members but should the US also join, the body would serve as a precursor for a larger free trade organisation encompassing both Asian and Pacific markets. According to Mulgan, the TPP would be 'tantamount to signing an FTA with the US. Aurelia George Mulgan, 'Japan's early decision on the TPP: Pie in the sky or credible commitment', *East Asian Forum*, 2 June 2011, <http://www.eastasiaforum.org/2011/06/02/japan-s-early-decision-on-the-tpp-pie-in-the-sky-or-credible-commitment/> (Accessed on 02/06/11)

⁴⁹⁷ Ibid.

⁴⁹⁸ Overall these disputes are settled internally to avoid public admittance of failure or bad publicity but occasionally spill out into the mainstream press. Mita, 'Japan's EPA/FTA and Regional Economic Integration Policy'

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individual ministries⁴⁹⁹ but following events in Tohoku in March 2011, negotiations towards TPP were further delayed.⁵⁰⁰

XIII. Neighbourly rivalry – the role of ROK in stimulating Japanese policy

This section will focus on the structural external stimulus of ROK efforts in India on Japan's own approach. The intervening variable utilised by NCR of policymakers' perceptions becomes additionally apparent in this context. The inadequacy of solely looking at structure is clear when considering how both the systemic reality of ROK's headway and perceptions of being overtaken, accelerates policy.

At the end of the twentieth century, as Japanese firms made a dash for the exit following India's nuclear tests, ROK firms recognising the opportunity following the Asian financial crisis of 1997, stepped into the market.⁵⁰¹ Firms such as Daewoo, Hyundai, LG and Samsung took the risk of expanding operations to East European and previously centrally-planned economies whilst Japan concentrated on the US and Western European markets.

⁴⁹⁹ Joel Rathus, 'Japan's Foreign Ministry reforms: Shifting priorities?' *East Asia Forum*, 4 September, 2010, <http://www.eastasiaforum.org/2010/09/04/japans-foreign-ministry-reforms-shifting-priorities/> (Accessed on 04/09/10)

⁵⁰⁰ Japan also announced the intention to 'press ahead with fundamental domestic reforms' and 'bold policies' to strength competitiveness and established a 'Headquarters for the Promotion of Agricultural Structural Reform' to 'promote both high-level EPAs and [work for the] improvement of Japan's food self-sufficiency and revitalization of its agriculture industry and rural communities'. Yet the group does not include amongst its senior members, representatives from either MOFA or METI, suggesting to some commentators the limited ability of the group to usher in reform. Author's personal correspondence with Sourabh Gupta, *Senior Research Associate, Samuels International Inc.* Prior to the earthquake, the Kan government had set June as a deadline for a decision on the TPP.

⁵⁰¹ Author's interview with senior official, *Asia and Pacific Division, International Trade Policy Bureau, METI* 10 June 2010

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ROK has long understood not just the utility but also necessity of trade for its own economic growth with its own small domestic market.⁵⁰² According to Kim and Mitra, 70% of ROK jobs are directly linked to international trade.⁵⁰³ A decade ago ROK had signed not one trade pact but has recently overtaken Japan in the race to secure deals with ASEAN, the US and EU.⁵⁰⁴ Whilst Japan's agreements account for just 16% of total trade, in Korea the figure is 36% with a further 26% of trade under pacts currently under negotiation.⁵⁰⁵

In India the ROK has been particularly active. Trade with India grew by approximately 40% in 2007-08 and eclipsed Japan's efforts to forge significant ties. In January 2010 just four months after inking the deal, a FTA between India and the ROK came into effect. As has been discussed above, some Japanese companies such as Suzuki were able to use the leverage of Japan's advanced economy to gain market share. ROK however, realised it did not have these tools at their disposal so approached Indian business through alternative means. Whereas Japanese manufacturers such as Toshiba and Sony have been keen to maintain the high quality and subsequent price of their goods,⁵⁰⁶ Korean firms have adjusted their prices to the market. According to one Mitsubishi official, Japan had 'no clue where to start' but soon discovered they were 'too late'.⁵⁰⁷

⁵⁰² According to some, Korea's forward position in the race for FTAs is due to clever exploitation of a WTO loophole called the 'Enabling Clause' which allows 'developing countries', a term under which ROK is still classified, of delaying potentially indefinitely 'sensitive' sectors such as agriculture from their regional trade agreements. Ordinarily states who sign FTAs must liberalise trade barriers on 'substantially all trade' (ie. 90% or more)⁵⁰² over a reasonable period of time. Article 24, GATT, 5. a)-c), Argument made by Dr Mark S Manger in Katz, 'Why Is Korea More Able to Reach FTAs Than Japan?'

⁵⁰³ Chung-Ho Kim and Barun Mitra, 'Choosing the slow lane en route to free trade', *Japan Times*, 7 August, 2009, <http://search.japantimes.co.jp/cgi-bin/ea20090807a2.html> (Accessed on 07/08/10)

⁵⁰⁴ Ibid.

⁵⁰⁵ Katz, 'Why Is Korea More Able to Reach FTAs Than Japan?'; 'Japan and its unfree trade: Paddies vs. Prius'

⁵⁰⁶ Author's interview with Esho

⁵⁰⁷ Author's interview with Vargu

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ROK's business strategy involves several techniques alien to Japanese firms. Firstly ROK firms understand the price-sensitive nature of the consumer and offer substantially lower prices. As Sako argues, as demand for infrastructural projects such as ports and roads increases in India and the necessity of high-tech facilities is questioned, cheaper Korean and Chinese proposals look more attractive.⁵⁰⁸ Even Suzuki uses Korean steel sheets. Trade between ROK and India was thus approximately \$15bn in 2009 compared to \$11bn between Japan and India, despite the significantly larger Japanese economy.⁵⁰⁹

ROK corporations also make a substantial public relations and advertising commitment after detailed market research. For example in April 2010, LG announced they would spend \$5m on a marketing campaign.⁵¹⁰ LG also advertises in a dozen Indian languages.⁵¹¹ Product design is lower quality but uses indigenous innovation by employing Indian talent and tradition and localising production. As the *Nikkei* correspondent in Delhi notes, Korean companies have made the effort to understand their customers in fine detail, for example LG note that whilst in the north, white is the preferred colour of refrigerator, in the south it is red.⁵¹² ROK's Finance Ministry has actively encouraged the country's young talent to consider India rather than the US and pointed to the example of managers have settled in India.⁵¹³ The CEO of Samsung has lived in India for twelve years, settling with his children who speak both Hindi and Korean.

⁵⁰⁸ Sako, 'Japanese Companies Venturing into the Indian Market: India requires different marketing strategies from ASEAN and China', p. 25

⁵⁰⁹ Pant, Harsh V., 'Rise of China prods India-ROK ties', *Japan Times*, 7 September 2010, <http://search.japantimes.co.jp/cgi-bin/eo20100907a1.html> (Accessed on 07/09/10)

⁵¹⁰ Amit Sharma, 'India as export hub; to spend \$5 mn on marketing: LG India', *Economic Times*, 5 April, 2010, <http://economictimes.indiatimes.com/opinion/interviews/India-as-export-hub-to-spend-5-mn-on-marketing-LG-India/articleshow/5761263.cms> (Accessed on 05/04/10)

⁵¹¹ 'Land of Eastern promise', *The Economist*, 19 November 2009, <http://www.economist.com/node/14915094> (Accessed on 19/11/09)

⁵¹² Author's interview with Nagasawa

⁵¹³ 'Land of Eastern promise'

India holds a different psychological association in ROK which impacts the nature of their approach. According to one scholar, whilst India is a ‘type of hell’ for Japanese, it is a ‘type of heaven’ for Koreans, keen to free themselves from conscription and alternatives in Africa and the Middle East.⁵¹⁴ Also according to businessmen at Japanese companies in India, the Koreans are ‘hungrier’, keen to demonstrate their development and appreciate that they will have no ‘second chance’ in India.⁵¹⁵

Commentators frequently refer to Korean firms as ‘aggressive’ in the Indian market,⁵¹⁶ going so far as to call their workers ‘soldiers’.⁵¹⁷ Nevertheless the effort has paid dividends. ROK is now the major supplier of household appliances. Sakakibara estimates that 60-70% of Indian electronics are from ROK firms such as LG and Samsung. In the colour television market, ROK firms hold a 40% share.⁵¹⁸ According to LG Electronics, ‘The Indian market is the number one priority’.⁵¹⁹

ROK’s presence is also evident in India’s auto industry. Hyundai, which entered India in 1995, is currently India’s second-largest car manufacturer. Hyundai benefits from tariffs of just 1-5% following the India-ROK CEPA whilst Suzuki faces 12%. Osamu Suzuki reportedly feels ‘handicapped’.⁵²⁰ Japanese firms are further obstructed by fierce internal competition. In the auto industry for example, Japan has Suzuki, Toyota, Honda, Nissan, Mitsubishi, Daihatsu, Mazda and Subaru.⁵²¹ This slows the ability of

⁵¹⁴ Author’s interview with Kinoshita

⁵¹⁵ Author’s interview with Nakajima

⁵¹⁶ Author’s interviews with Gurumurthy, Naoki Tanaka and Sakakibara

⁵¹⁷ Author’s interview with Kondo

⁵¹⁸ Sako, ‘Japanese Companies Venturing into the Indian Market: India requires different marketing strategies from ASEAN and China’, p. 31

⁵¹⁹ Sharma, ‘India as export hub; to spend \$5 mn on marketing: LG India’

⁵²⁰ ‘Leaving home: Japan’s big companies are shipping production abroad’

⁵²¹ ‘Corporate euthanasia’

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government to merge the interest of Japanese companies. Across the economy Japan is also overly dependent on the car industry as METI appreciates, which provided half of all GDP growth from 2000 to 2007.⁵²²

ROK is also active in the pharmaceutical industry. According to the Indian Pharmaceuticals Export Promotion Council (Pharmexcil), the Indo-ROK CEPA provides an additional 6% from the waived customs duty. With few natural resources itself, ROK is also interested in Indian minerals and metals such as iron and steel.⁵²³ This creates yet another field of competition with Japan who hopes the minerals market will privatise in the future.⁵²⁴

The largest foreign investment in India has in fact come from the ROK steel giant, POSCO which intends to invest \$12bn into a port and steel plant in Orissa. Plans have progressed slowly for five years but in May 2011 the Environment Minister Jairam Ramesh confirmed approval.⁵²⁵ The plant is expected to produce 12m tons of steel a year and provide 50 000 jobs⁵²⁶ but local activists have objected on the grounds that resources will be depleted entirely in two decades and bring unnecessary disruption to residents.⁵²⁷

Japanese officials now strongly lament their oversight and appreciate the time lost in pursuit of moral anti-nuclear goals. Previously Japanese firms criticised their ROK

⁵²² Ibid.

⁵²³ Author's interview with Dipak Basu, *Professor of Economics, Nagasaki University* 22 May 2010

⁵²⁴ Ibid.

⁵²⁵ According to reports there were also internal disputes over this plant with the Indian Steel Minister complaining at the slow decision of the Environment Ministry. 'POSCO's Indian steep project: Greens vs jobs', *The Economist*, 6 January 2011, <http://www.economist.com/node/17860057>, (Accessed on 06/01/11); 'India gives final okay to \$12bn Posco steel plant', *BBC News*, 3 May 2011, <http://www.bbc.co.uk/news/world-south-asia-13263586> Accessed on 04/05/11)

⁵²⁷ 'POSCO's Indian steep project: Greens vs jobs'

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rivals for pursuing failing projects whilst enjoying legal protection from the Indian government but have recently understood the necessary compromises their competitors made.⁵²⁸ ROK's presence in India is not universally welcomed by the domestic population⁵²⁹ but on a strategic level ROK's gamble is paying off. The ROK has grown in international stature from a rather closed foreign policy centring on North Korea to one in which Seoul was able to successfully host the G20 Summit of 2010 and host the Nuclear Security Summit in 2012.⁵³⁰

Identifying the exact timing when Japan realised ROK's forward position is problematic. Yet attention was caught when the Delhi embassy reported that India-Japan trade was smaller than just the Korean electrical producer LG.⁵³¹ The myth was shattered that business could not 'make good' in India. By entering markets considered unimportant,⁵³² ROK has overtaken Japan providing a strong incentive to catch up. Furthermore India's willingness to concede to Japanese demands is lessened as a result of ROK's success.

Japanese diplomats and businessmen now see ROK's experience as a lesson from which to learn. Japanese diplomats have become aware of the need not to delay. Thus the structural influence of ROK presence in India, which 'stole the march' according to one Indian Ambassador has interacted with the intervening perception of policymakers and business leaders to fashion Japan's approach.

⁵²⁸ Author's interview with Kondo

⁵²⁹ Author's interview with Narushige Michishita, *Associate Professor, GRIPS* 13 May 2010

⁵³⁰ Author's interview with senior official, *Policy Planning and International Security Division*

⁵³¹ Author's interview with Chandrani

⁵³² Author's interview with Koda

XXIII. Importance of perceptions

This chapter has demonstrated how concerns of Japanese firms and trade diplomats, both genuine and prejudiced, have slowed economic progress. As the consultancy KPMG noted, 'Japanese investments are not a knee-jerk reaction. They take a long time to consider and think through.'⁵³³ Likewise only when these perceptions are overcome can genuine economic engagement develop. Japan's 'cautious' attitude remains within some aspects of the business community but at the government-level, concerted efforts have been made to catch up on lost time. Whilst officials are loath to admit it, the example of ROK's success in the Indian market has proved a significant driving force. Perceptions have both accelerated and slowed economic engagement but whilst structural factors have been essential, the manner of policy has depended largely on perceptions.

For much of the twentieth century India was viewed as economically insignificant. Only once fears of potential instability within Japan's traditional economic model were identified was the 'second wave' of interest ignited. Genuine economic figures have played an important role in supporting these considerations but attitudes within both business and government spheres have proven decisive. Japan has been slow and ambivalent to decide on a direction for India, despite structural advantages.

XXIV. Conclusions

The most pressing area in which policymakers foresee a future today is how to encourage the business community to engage actively with India. With the brief

⁵³³ 'Japan's Renewed Interest in India: An "Upward Trajectory"'

exception of political hawks such as Abe who framed India through a strategic lens, the economic dimension has consistently and is likely to remain, the centrepiece of Japan's India policy.

As a result, contrary to widespread opinion, Japan's interests in India appear largely economic in the scope for the time being. With the exception of the conclusion of CEPA which should largely be viewed in a strategic context, the majority of Japan-India economic interaction has been practical. Whilst it has become commonplace to associate Japanese foreign policy with anti-China hedging, regarding India the predominant concern is how to lift Japan out of economic stagnation and India is viewed as pivotal to this goal.⁵³⁴ The strategic benefit of Japan is actually more keenly felt in India, despite rhetoric trying to distance Delhi from such an approach.

'Economic diplomacy' has long been a key determinant of Japan's wider foreign policy goals, whether in Middle East policy, where energy sources are prioritised or Southeast Asia, for decades a factory for Japanese products. For India without the drastic economic reforms witnessed in the late twentieth century, Japan's interest is likely to have remained at Cold War levels. By analysing how Japan has approached India as an economic partner, this chapter has also highlighted trends in Japan's ODA strategy and free-trade credentials; both important aspects of Japan's wider diplomatic efforts.

Among the structural influences on Japan's economic strategy, post-liberalisation economic growth has dominated. Added to this, China's uncertain economic stability and neighbourly competition from ROK firms have served as further incentives.

⁵³⁴ Author's interview with Harsh Pant, *Lecturer, Asia-Pacific Security and Nuclear Proliferation, King's College London* 12 April 2010

Previously in this thesis it was argued that China's presence has pressured Japan to look elsewhere for strategic reassurance. In the economic sphere, China's dominance has led to a similar reappraisal of the economic environment, placing favour on India. Whilst Japan's India policy has been free from some of the pressures which impact Sino-Japanese economic ties, such as inherent suspicion, India has presented fresh challenges and pressures. The ROK factor in particular has shown that India's federal state system, inadequate infrastructure and complicated tax and labour laws, whilst problematic, have not held back other competitors.

Whilst structurally Japan and India are complementary economic partners, additional actors and intervening ideologies have limited the strength of relations. As this chapter has shown, economic complementarities are not by themselves sufficient. Indeed as one Japanese economist explained, a blind man with good use of his legs might not find an ideal partner in a legless man with good sight.⁵³⁵ The attitudes of stakeholders have represented a major impediment to closer relations, highlighting the importance of incorporating perceptions into analysis.

The drive behind economic relations originated in Japan. During the initial post-war years India made some efforts to encourage Japanese investment in India, only to be sidelined in preference for other markets. Japan was delayed by the 1998 nuclear tests but overall Japan's business culture and India's economic deficiencies have represented the major factors behind economic indifference. In the modern era, whilst India enjoys international attention Japan realises the need to be proactive. What can be noted therefore is the development from when economically India offered little benefit, to one

⁵³⁵ Author's interview with Kinoshita

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in which both the market and geopolitical environment encourage Japan to take an active interest in India.

By examining how Japan has approached India, evidence of how policy is formulated can also be studied. Japan's India policy demonstrates a rare instance when METI and MOFA correlate in a manner which has not achieved in other areas. India has represented a rare instance of 'joined-up thinking' on the part of Japanese officials who appreciate the need to bring strong political and economic relations together. Bureaucrats are not interested in recreating the situation in China where economically warm relations have coexisted with frosty political ties. Instead, the two are aligned in parallel.

Japan's engagement with India has represented a steep learning curve which remains in its infancy. At present, Japan's economic diplomacy is still in development and thus unable to prop up the political intentions of Tokyo. Even so, high volumes of trade and investment do not concurrently result in political amity. The cases of US-China and India-China economic 'interdependency' clearly demonstrate this point.

Japan has been a reluctant convert to India. As Delhi correspondents note, 'Japan has no other frontier; India is the only big market left in the world.'⁵³⁶ 'India was not necessary until recently'. A senior official at the Delhi Embassy echoes these arguments, stating that the reason Japan is looking to India is 'out of necessity'. The 'market comes first' so twenty years after the initiation of reforms, it is 'inevitable' for ties to deepen. This 'logic' is also cited by Indian officials interviewed.⁵³⁷ Japan and India are not, however,

⁵³⁶ Author's interview with Susumu Arai, *Correspondent in Chief, Yomiuri Shimbun*, 12 March 2011

⁵³⁷ Author's interview with Bhattacharyyam

yet economically interdependent which reduces the urgency in improving relations but as the case of rare earth supplies shows, with China's economic bellicosity growing, Japan is likely to feel greater pressure to diversify. When in mid-2010 China officially overtook Japan to be the world's second largest economy, Japan's response was relatively stoic, especially considering how much faster the reordering had occurred but brought ever-closer the realisation that a change in strategy was required for the future.⁵³⁸

Whilst Japan is commonly considered a 'trading state', Japan is also known for its strong anti-nuclear stance. Whereas Japan's economic credentials have often led commentators to consider Japan and India as complementary states, divergent views on the uses of nuclear technology have historically cut a chasm between potential relations. The subject of Japan's nuclear policy as it has played out in the approach to India will therefore be the next topic of this thesis.

⁵³⁸ 'Japan as number three: Watching China whiz by', *The Economist*, 19 August 2010, <http://www.economist.com/node/16847828> (Accessed on 19/08/10)

7. The Nuclear Dilemma

This chapter's purpose is to demonstrate how Japan's nuclear policy has permeated relations with India. Whilst divergent nuclear postures have historically proved the major irritant in relations, recent years have shown how the international system (the major influence on Japanese foreign policy) has altered the environment to one which facilitates greater engagement. In 1998 Japan led the effort to reprimand India for testing its nuclear weapon but just over a decade later announced negotiations to share nuclear technology with the non-NPT signatory. What drove Japan to make such a dramatic policy turnaround? What were the major drives behind this decision? Who were the key actors? It is these questions which this chapter will answer by laying out the conditions for Japan's decision-making whilst placing the nuclear issue within the context of Japan's wider engagement with India.

i. Organisation

The chapter opens with an historical appraisal of the international nuclear system, the formation of the non-proliferation regime and both Japan and India's historical ties with nuclear technology. From this section it will be clear that each state holds a unique perspective. The following sections will analysis the major structural factors which shape Japanese strategy namely; 1) the 'nuclear renaissance', 2) internationalisation of the nuclear industry and 3) the US-India nuclear deal. With each of these conditions in place, Japanese policymakers have adjusted their nuclear principles from fiercely anti-nuclear to an active negotiator in nuclear trade.

This thesis concentrates not only, however, on the role of systemic forces, whilst these are seen as primary. Intervening with the structural changes, domestic politics, public opinions, business interests and importantly the cognitive perception of these issues by policymakers have contributed to policy-formation. Japan does not present a unified opinion on the nuclear question. It is therefore necessary to ‘open the black box’ as NCR encourages and identify the many voices within Japan as well as their relative strength. From the analysis below it will be seen that public opinion and business aspirations are key actors in Japanese policymaking.

To conclude, the chapter turns to two events which in diametrically different ways throw into question Japan’s traditional nuclear posture; Japan’s 2010 initiation to conclude an independent civil nuclear cooperation treaty with India and the ‘triple disaster’ of March 2011. The background and progress to negotiations will be provided with an assessment of the likelihood for agreement at the time of writing in light of developments at Fukushima.

I. History of the Nuclear Industry

The genesis of the nuclear industry can be traced to President Eisenhower’s ‘Atoms for Peace’ speech in 1953. Eisenhower proposed a system in which states without nuclear weapons could access nuclear energy technology for peaceful purposes.¹ The potential of nuclear proliferation was, however, first recognised by J. Robert Oppenheimer, the Scientific Director of the Manhattan Project in 1946, who suggested the US conceal its

¹ Talbott, *Engaging India*, p. 12

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military intentions under the cover of nuclear power plants.² The IAEA was established in 1957 as an autonomous institution to prevent such application and the transfer of technology to military purposes.

A year later, Frank Aiken the Irish Minister for External Affairs first proposed measures to stop the spread of nuclear weapons.³ By 1961 Aiken's resolution was approved unanimously by the UN General Assembly and negotiations began in earnest to form a treaty. However as the document was drafted, China launched its first nuclear test in 1964 during the Tokyo Olympic Games.⁴ Those involved hurried to complete an initial draft as France also developed a weapons programme and the Cuban missile crisis further complicated the international power balance.

i. *The Non-Proliferation Treaty*

In 1968 the Treaty was opened for signatures, marking January 1st 1967 the official demarcation date. This declared that all states that had launched before 1967 were to be known as 'nuclear weapon states' (NWS) but the semantics were not the issue. What

² 'We know very well what we would do if we signed such a [nuclear weapons] convention: we would not make atomic weapons, at least not to start with, but we would build enormous plants, and we would call them power plants - maybe they would produce power: we would design these plants in such a way that they could be converted with the maximum ease and the minimum time delay to the production of atomic weapons, saying, this is just in case somebody two-times us; we would stockpile uranium; we would keep as many of our developments secret as possible; we would locate our plants, not where they would do the most good for the production of power, but where they would do the most good for protection against enemy attack.' J. Robert Oppenheimer, 'International Control of Atomic Energy,' in Morton Grodzins and Eugene Rabinowitch, (eds.), *The Atomic Age: Scientists in National and World Affairs*, (New York: Basic Books, 1963), p. 55

³ In fact in 1958 Aiken proposed only recognition of 'the dangers inherent in the further dissemination of nuclear weapons' which was later resolved after only the Soviet Union voted in favour whilst the US and its allies abstained. By 1960 Aiken had secured the support of Japan, Mexico, Morocco and Ghana behind a resolution to call on 'all governments to make every effort to achieve permanent agreement' to stop the spread of nuclear weapons. 'How Ireland sowed seeds for nuclear disarmament' *Irish Times*, 14 April, 2010, <http://www.irishtimes.com/newspaper/opinion/2010/0414/1224268296428.html> (Accessed on 05/10/10)

⁴ It should be noted that at this time, Japan had yet to formally normalise relations with China.

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some states protested against, was the agreement to exclude NWS from IAEA inspection. The NPT was originally established for a 25-year period, with five-yearly progress conferences. By the 2000 review, however, the regime was weakened by India and Pakistan's tests and the US Senate's failure to ratify the CTBT in October 1999.

ii. *Japan and India's views of the NPT*

Before looking at how Japan and India's respective nuclear policies have interacted with one another, it is necessary to assess each state's unique relationship with the issue of nuclear proliferation. Japan and India hold diametrically opposing views. For Japan the NPT represents the international community's best efforts at halting the spread of nuclear weapon technology and the most widely subscribed treaty in existence. India loathes the NPT and the regime it symbolises. For both governments and its citizens the NPT is highly emotional.⁵

India has several objections to the NPT. The Treaty is believed to represent at best a blatant move to stifle its own nuclear ambitions and at worse a feeble attempt to stop proliferation, supposedly its primary purpose. The treaty is considered a 'rotten system' and 'charter for an inherently discriminatory club'⁶ whose rules are articulated by the US. The NPT is said to embody for Indian policymakers and commentators 'the three Ds' of US nuclear policy; dominance, discrimination and double standards.⁷

India especially criticises the NPT's claim to further the campaign for global disarmament. The 1968 treaty asked its signatories to 'pursue negotiations in good faith

⁵ Author's interview with Rahul Roy-Chaudhury, *Senior Fellow, South Asia, IISS* 3 March 2010

⁶ Talbott, *Engaging India*, p. 13

⁷ *Ibid.* p. 27

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on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament and on a treaty on general and complete disarmament under strict and effective international control.’ For India this equated to merely the aspiration of reductions in nuclear stockpiles with no targets or penalties for inaction.⁸ According to Talbott ‘this provision was never taken seriously by the five nuclear “haves”...it was a sop to the “have nots.”’⁹

For Japan, even though its own security was assured by the US, the government hesitated before signing.¹⁰ By the time of India’s 1974 test Japan (like Germany) had still not yet ratified, four years after initially adding its signature. Japan had been the first country in the 1960s to accept international inspection of its plants but only signed one month before the Treaty came into force in 1970.¹¹ MOFA had long advocated Japan’s adherence to non-proliferation but domestic obstacles emerged. Prime Minister Tanaka faced challenges from some anti-China groups¹² and MOFA called for regulations to mirror those of members of the European Community. In addition whilst neglected in official documents, Japan faced pressure from the US, Canada and Australia. France and the UK also demanded Japan to sign the treaty, threatening to withdraw their crucial supply of materials. Japan was hesitant but eventually succumbed to ratify in 1976.¹³

⁸ India also criticised the toleration of sub-critical or laboratory-type tests which only a few states with the capability were able to conduct. Marie Izuyama and Shinichi Ogawa, ‘The Nuclear Policy of India and Pakistan,’ *NIDS Security Reports*, No.4 (March 2003), p. 83

⁹ Talbott, *Engaging India*, p. 13

¹⁰ Finland was the first state to sign, followed by Ireland

¹¹ According to Limaye, Japan and India held similar reservations over sovereignty issues regarding the NPT and delayed signing until the eleventh hour. Author’s interview with Limaye

¹² Frank C. Langdon, ‘Japanese Reactions to India’s Nuclear Explosion’, *Pacific Affairs*, Vol. 48, No. 2 (Summer, 1975), p. 176

¹³ Author’s interview with Kaneko

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To appreciate the dissimilar stances between Japan and India it is necessary to assess both states' nuclear history. The following section will further demonstrate how Japan and India hold unique relationships with nuclear technology proving that one size does not fit all. For both the 'nuclear question' has provided a means of identity; for India the acquisition of nuclear technology marked '*de facto*' great-power status whilst for Japan the decision to refuse nuclear development represented a pacifist and responsible status.

II. India's nuclear development

During Nehru's premiership nuclear weapons were shunned in tune with the leader's pacifist ideology. As early as 1953 Nehru called for a 'standstill agreement' on testing through a UN resolution.¹⁴ One man's ideology, whilst significant was not the only reason why India chose not to launch a nuclear programme until 1964. The ruling party, the Indian National Congress largely concurred with Nehru's position, believing that by demonstrating 'self-restraint' India could maintain its morally superior role as leader of developing, post-colonial countries and mark a distinction with China.¹⁵ Furthermore the international system did not necessitate such a programme until the border war with China alerted Indian leaders to the challenge at their periphery.

When Nehru died on 27 May 1964,¹⁶ however, India began in earnest to catch up, launching the Subterranean Nuclear Explosions (SNEP) project. China's first test on 16

¹⁴ Sumit Ganguly, 'India's Nuclear Free Dream', *The Diplomat*, April 22 2010, <http://the-diplomat.com/2010/04/22/india%E2%80%99s-nuclear-free-dream/> (Accessed on 22/04/10) Nehru was not wholly opposed, however, to nuclear technology being used for peaceful purposes. Indeed a nuclear energy program has been on the agenda since Indian independence. Rajesh Rajagopalan, 'India's Nuclear Policy,' *Major Powers' Nuclear Policies and International Order in the 21st Century, (Conference)* National Institute for Defence Studies, Tokyo, 18 November, 2009

¹⁵ Izuyama and Ogawa, 'The Nuclear Policy of India and Pakistan,' p. 61

¹⁶ 'Light goes out in India as Nehru died', *BBC News*, 27 May 1964 (Accessed on 12/10/10)

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October 1964 also hastened India's efforts.¹⁷ Just two years after the bitter experience of the Sino-Indian war, India expected the US, UK and/or Soviet Union to come to India's defence at least verbally, but all three were mute.¹⁸ Politicians from northern India who, as a result of events in 1962, held strong anti-China sentiments, also pushed forcefully for raising the bar vis-à-vis competition with China.¹⁹

India was behind in its nuclear development but quickly gained ground due in part to its colonial history. Before gaining independence India was able to share the expertise exchanged between the US and UK during the Manhattan project of the 1940s. India also enjoyed the talents of Homi Bhabha, educated at Cambridge who became the 'father of India's Atomic Energy Program.'²⁰

i. *Smiling Buddha – 1974*

As Japan's radar skipped over the subcontinent to concentrate on the Middle East during the oil crises of the 1970s, India drew international attention by launching its own nuclear test on 18 May 1974.²¹ The test labelled 'Operation Smiling Buddha' irreversibly impaired India's image as a pacifist nation. The Indian government went to

¹⁷ According to the official communiqué released following the test, the explosion was conducted at 3pm Beijing-time in the western region of China but reports from Washington claimed the test site to be a province bordering the Soviet Union. The stated purpose was to protect the Chinese people 'from the danger of the US' launching a nuclear war.' There were other objectives, however, including sending a message of strength as the first non-white nation to enter the 'nuclear club' and to Moscow since just 12 hours earlier, Nikita Khrushchev was replaced as Soviet leader. Seymour Topping, 'China Tests Atomic Bomb, Asks Summit Talk On Ban; Johnson Minimizes Peril', *New York Times*, 16 October 1964 (Accessed on 12/10/10)

¹⁸ Izuyama and Ogawa, 'The Nuclear Policy of India and Pakistan,' p. 61

¹⁹ Ibid.

²⁰ The Atomic Energy Establishment in Mumbai was renamed the Bhabha Atomic Research Centre after he died in a plane crash on his way to an IAEA meeting in 1966 and is known as the 'cradle' of India's nuclear research industry. Author's interview with Kaneko

²¹ Prime Minister Indira Gandhi also had domestic intentions, believing the test would boost her popularity at home.

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great lengths to stress the ‘peaceful’ purposes behind the tests²² and urged countries not to reduce their economic cooperation.²³ Envoys emphasised the energy factor and disassociated the event from military objectives. As Talbott notes, such a ‘handy cover story’²⁴ also fitted with the ideology of Indira Gandhi’s father Nehru. The tests marked a watershed in India’s post-war development, overcoming India’s post-1962 inferiority complex.²⁵

ii. *Rajiv Gandhi*

In June 1988 Rajiv Gandhi after assuming office following his mother’s assassination,²⁶ appeared to distance himself from his mother by calling for an ‘action plan,’ which would set a timetable for the global elimination of nuclear weapons.²⁷ He called for NWS to eliminate their arsenals by 2010 and assured that if such a promise was made, India would relinquish the option of testing again.²⁸ This episode is often cited by Indian policymakers keen to demonstrate India’s commitment to disarmament.

Nevertheless at a similar time, Rajiv Gandhi was suspected of re-launching India’s nuclear programme under the tacit implication that should such a commitment not be made, India was justified to ‘join [the] ranks’ of the other nuclear powers.²⁹ The

²² Talbott, *Engaging India*, p. 14 According to Talbott, during the 1950s and 60s the US and Soviets thought nuclear explosions could prove a useful way of making craters in the ground but proved not to be cost effective

²³ Author’s interview with Tetsuya Endo, *Former Governor of the International Atomic Energy Association and Vice Chairman of the Atomic Energy Commission of Japan* 30 June 2010. Ambassador Endo was Director of the South West Asia Division of MOFA from 1973-75.

²⁴ As Talbott notes, however, Indira Gandhi also spoke of plans to ‘keep its options open’. Talbott, *Engaging India*, p. 16

²⁵ Author’s interview with Takeuchi

²⁶ She was gunned down by her Sikh bodyguards in 1984 in reprisal for her use of force to end a siege by Sikh militants in Amristar. Talbott, *Engaging India*, p. 19

²⁷ Ganguly, ‘India’s Nuclear Free Dream’

²⁸ Talbott, *Engaging India*, p. 20

²⁹ Ibid.

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ultimate stimulus, however, was ever-greater evidence that Pakistan was developing capability.³⁰ Rumours that China was assisting Pakistan only furthered India's cause. The testing of a long-range nuclear missile, the Hatf-5 just one month prior to Pokhran represented a catalyst.

India's second round of nuclear tests in 1998 should not perhaps have come as the surprise it did. Since the NPT was 'unconditionally and indefinitely' extended in 1995³¹ and CTBT negotiations concluded in 1996, India saw fewer options to avoid flexing nuclear muscle.³² This structural circumstance fits this thesis' espousal of NCR, demonstrating how the state system – or more particularly the elites of India's perception of the state system – dictated India's decision to enter unofficially the 'nuclear club'.

Such conditions, however, are unable to explain the timing and nature of India's resolution. To explain this, the domestic political development as a result of the inauguration of a BJP-led government in February 1998,³³ overturning almost 48 years of Congress Party rule, was crucial.³⁴ During the campaign the BJP made no secret of their approval for the option of 'inducting' nuclear weapons.³⁵ Several BJP members

³⁰ Ever since India's 1974 test, Pakistan had made clear its intention to one day equal India's capability. In a press conference in May 1974, Prime Minister Bhutto admitted, 'even if we have to eat grass, we will make nuclear bombs.' Ibid. p. 17

³¹ Ganguly, 'India's Nuclear Free Dream'

³² Whilst Nehru had supported a test ban by the 1990s the majority Indians perceived of the treaty in similar terms to the NPT; one designed by the US to restrict other powers from competing with their achievement. According to Talbott, the US 'pulled out all the stops to secure an indefinite extension of the NPT' which was 'dismaying' to the Indians who saw the possibility of India being welcomed into the 'haves' club even less likely as a result. India also feared the CTBT being 'universalised,' relegating India further for snubbing both the NPT and CTBT. In the end the US failed to ratify the CTBT with pressure from Indian Americans adding to the opposition. Talbott, *Engaging India*, p. 16

³³ The BJP formed the National Democratic Alliance

³⁴ According to Talbott, Congress lost for a variety of reasons, including 'slippage of support in key states, the rise of regional parties, disaffection with a hung parliament, and an anti-incumbent mood in the electorate.' Talbott, *Engaging India*, p. 38

³⁵ Izuyama and Ogawa, 'The Nuclear Policy of India and Pakistan,' p. 63

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were antagonistic towards China and disagreed fundamentally with much of Nehru's pacifist ideology. The party's ideology centred on 'Hindutva', a form of nationalism which shared few similarities with Gandhi's philosophy. The BJP was keen to differentiate itself from the previous administration and characterise themselves as realists.³⁶

Scholars have struggled to locate an official 'nuclear policy' from Indian elites.³⁷ In general Indian elites consider nuclear weapons to hold political significance rather than military utility. As Foreign Minister Jaswant Singh argued, they allow for 'political space and strategic autonomy.'³⁸ Their acquisition was a 'logical next step in the evolution of India's sense of itself...a rite of passage', which as with China, would force the US to take it seriously.³⁹ According to Rajagopalan, Indians are 'highly pessimistic' about other states' acquisition of nuclear weapons but believe the accrual themselves is justified. India's nuclear history can therefore be described as 'gradual and reactive' to external events.⁴⁰ Rather than developing a programme on its own initiative, India's actions largely emerged as a consequence of threats, both perceived and genuine. India's efforts have concentrated on preventing 'vertical' proliferation between NWS as well as the 'horizontal' spread among new members of a nuclear club.

³⁶ Author's interview with Hirabayashi

³⁷ According to Rajagopalan, 'In January 2003, the government released a brief press statement (of just 349 words) that revealed some aspects of the 'official' nuclear doctrine...[which includes] an important qualifier: India will consider the use of nuclear weapons in response to a 'major attack' on India or on Indian forces anywhere with chemical or biological weapons (CBW). This dilutes both the NFU pledge as well as the pledge not to use nuclear weapons against non-nuclear states.' Rajagopalan, 'India's Nuclear Policy'

³⁸ In essence, as Tellis has argued, what Sundarji and Subrahmanyam were suggesting was a view of nuclear weapons that emphasized its political rather than military utility, its deterrence rather than war-fighting capability. Ashley Tellis, *India's Emerging Nuclear Posture: Between Recessed Deterrent and Ready Arsenal* (Delhi: Oxford University Press, 2001) cited in Rajagopalan, 'India's Nuclear Policy'

³⁹ Talbott, *Engaging India*, p. 141

⁴⁰ Rajagopalan, 'India's Nuclear Policy'

III. Japan's nuclear history

Japan and India hold fundamentally different views on the application of nuclear weapons. As Kaneko, a retired nuclear official pointed out to the author, Japan as a defeated nation had different cards to play during the Cold War compared to revitalised India post-independence.

Japan was the only country to experience the reality of nuclear warfare in Nagasaki and Hiroshima in August 1945. Many assume Japan to hence reject nuclear technology in any guise. Yet Japan has historically not been as anti-nuclear as some may believe. Prime Minister Kishi is known to have favoured nuclear weapons, followed by Ikeda who informed the US that several of his Cabinet approved of Japan acquiring the capability. Prior even to this, Japan had tried to manufacture nuclear weapons during the war but upon the American Occupation had been forced by MacArthur to dispose of all devices in the Pacific.⁴¹

By 1964 following China's nuclear test, Prime Minister Sato is said to have told US Ambassador Reischauer that 'it stands to reason that, if others have nuclear weapons, we should have them too.' Sato is often considered the father of Japan's anti-nuclearism due to his efforts to encourage the Diet to adopt the 'three non-nuclear principles' (*Hikaku Sangensoku*), winning the Nobel Peace Prize as a result.⁴² Nevertheless evidence emerged in 2009 that not only had Sato sanctioned a study into the viability of nuclear weapons but also entered into a secret pact with President Nixon to allow

⁴¹ Author's interview with Kaneko

⁴² As a Cabinet decision under Prime Minister Sato, Japan pledged to ban arms deals with communist states, countries subject to an embargo under UN resolutions, and those involved in international conflicts. 'Japan's Policies on the Control of Arms Exports', *Ministry of Foreign Affairs, Japan*, <http://www.mofa.go.jp/policy/un/disarmament/policy/index.html>

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nuclear weapons to be stationed in Okinawa.⁴³ The principles nonetheless quickly became '*kokuze*' (national promise) with consecutive governments taking the position to 'neither confirm nor deny'⁴⁴ their violation, thereby leaving the door open for reinterpretation.

Japan continues to appreciate the value of nuclear weapons and few in Tokyo would approve of the US abandoning its nuclear arsenal.⁴⁵ The 'secret pact' referred to above, demonstrates Japan's real view at least among elites, of the possible utility of atomic weapons. Shinzo Abe as Deputy CCS said in May 2002 that the Constitution would not prevent Japan from acquiring a small nuclear arsenal and several powerful figures have endorsed a revision or 're-interpretation' of the Constitution to allow for nuclear capability.⁴⁶ Japan certainly has the technology to produce a full plutonium cycle and is thus as McCormack argues, the state with the greatest 'potential' to join the nuclear weapons club. Despite some debate to the contrary, the possibility of Japan ever deciding to 'go nuclear' is minuscule since neither the international environment nor a consensus within the political or public spectrum are in favour.⁴⁷

⁴³ Roger Pulvers, 'Words of wisdom from beyond the grave of Japan's secret pacts,' *Japan Times*, March 28, 2010, <http://search.japantimes.co.jp/cgi-bin/fl20100328rp.html> (Accessed 28/04/10) Further proof was also uncovered confirming that the US had introduced nuclear weapons into Japan, violating one of the nuclear principles, long before Sato took the premiership. In addition, in 2010 it also emerged that Japan had discussed going nuclear with West Germany in 1969 before joining the NPT. 'Tokyo sought out Bonn on going nuclear in '69', *Japan Times*, 30 November 2010, <http://search.japantimes.co.jp/cgi-bin/nn20101130a3.html> (Accessed on 02/12/10)

⁴⁴ Tomoko Kiyota, 'Japan's Non-nuclear Principles: Change in the Offing?' *IPCS Article No. 2948*, August 17, 2009, http://www.ipcs.org/article_details.php?articleNo=2948

⁴⁵ Author's interview with Robert Dujarric, *Director, Institute of Contemporary Asian Studies, Temple University* 19 May 2010

⁴⁶ Another senior official agreed; 'We should have a real umbrella and perhaps nuclear weapons' saying that the US umbrella is not sufficient. Interview with senior MOFA official, 26 June 2009.

⁴⁷ Voices remain, both within and outside of Japan, arguing for Japan to nuclearise. Their volume tends to surge and ebb according to external, structural conditions such as whether North Korea has proven particularly provocative as was the case in May 2009 when Pyongyang announced plans to resume its nuclear programme and after launching a satellite rocket a few days before. The official government line has always renounced nuclearisation, however, this has not prevented figures such as Ozawa Ichiro suggesting that Japan could easily produce 'thousands of nuclear warheads'. Japan could 'go nuclear' in months By Marc Erikson. Ishihara Shintaro, Governor of Tokyo has also as recently as March 2011, overtly said Japan 'should develop nuclear weapons' to counter the North Korean threat, allow Japan to

Japan is keen to maintain the image as defender of the NPT regime. The secretive programmes of Iran and North Korea have heightened international concern with proliferation but also arguments for retaining a deterrent. Japanese officials also fear ROK going nuclear.⁴⁸ Prime Minister Kan voiced intentions to ‘step up our efforts to get India to sign the NPT’ and Japan has also continued to press for the universal implementation of the Additional Protocol to the NPT.⁴⁹ Japan does not want to lose any credibility by being seen to abandon its non-proliferation aspirations. In relations with India therefore Japan hopes to play the role of ‘disagreeable friend’, encouraging India to take responsibility for its nuclear facilities.⁵⁰

Kan stopped short of announcing the codifying of the principles into Japanese law, as called for by among others the mayor of Hiroshima.⁵¹ Critics also accused the DPJ of continuing the policy of previous administrations by failing to energise adherence to the NPT. Whilst during the election campaign in 2009 the DPJ promised to take a leading

stand up to Russia and increase Japan’s bargaining power. Danielle Demetriou, ‘Japan “should develop nuclear weapons” to counter North Korea threat’, *Telegraph*, 20 April 2009, <http://www.telegraph.co.uk/news/worldnews/asia/japan/5187269/Japan-should-develop-nuclear-weapons-to-counter-North-Korea-threat.html> (Accessed on 18/07/11). See Chapter 2’s theoretical discussion of ‘creeping realism’ for more analysis of Japan’s adjusted reading of the Constitution. For earlier works predicting a remilitarised Japan, see George Friedman and Meredith Lebard, *The Coming War with Japan*, (New York; St Martin’s Press, 1991) and Simon Winchester, *Pacific Nightmare: A Third World War in the Far East*, (London: Sidgwick and Harrison, 1992). More recently, arguments for Japan remilitarising, including with nuclear weapons are analysed in Paul Midford, ‘China views the revised US-Japan Defense Guidelines: popping the cork?’ *International Relations of the Asia-Pacific*, Vol. 4 (2004), pp. 113-45. Llewelyn Hughes argues that domestic factors prevent Japan adopting the nuclear option and indeed public support is low, though this is changing and according to pollsters depends on how exactly the question is asked. Llewelyn Hughes, ‘Why Japan Will Not Go Nuclear (Yet): International and Domestic Constraints on the Nuclearization of Japan’, *International Security*, Vol. 31, Issue 4, pp. 67-96

⁴⁸ Author’s interview with Tadashi Inoguchi, *Professor Emeritus of University of Tokyo* 9 June 2010

⁴⁹ Statement by Ambassador Nobuyasu Abe, Representative of Japan to the NPT Review Conference in 2010, at the Plenary Meeting of Main Committee II, May 10, 2010, <http://www.mofa.go.jp/policy/un/disarmament/npt/review2010-4/maincommittee2.html>

⁵⁰ Author’s interview with Takeuchi

⁵¹ ‘Nuke deterrence still vital: Kan,’ *Japan Times*, 7 August, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100807a5.html> (Accessed on 07/08/10) Major Akiba, winner of the Ramon Magsaysay Awards (considered the Asian Nobel Prize), had also urged Japan to leave the US nuclear umbrella in the mission to build a nuclear-free world.’

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role in the May 2010 Review Conference, neither Hatoyama nor Okada attended.⁵² Okada previously pressed particularly hard for the Non-First Use agreement but lowered his expectations once in government.⁵³

IV. Japan and India's nuclear policies clash

For the majority of the Cold War period, Japan and India's opposite nuclear postures were at a distance. In 1998, however, the two states' policies collided providing the first opportunity for each to take notice.

On May 11th 1998 in Pokhran, Rajasthan just 150km from the Pakistan border, India exploded a nuclear bomb. The explosion generated heat of approximately a million degrees centigrade, sending shockwaves as far as Mt Fuji. Two days later another test was conducted. Prime Minister Vajpayee praised the work of Indian scientists to a jubilant media who described India's achievement as an 'explosion of self-esteem' and 'a moment of pride.' As had been hoped, global attention was drawn to India's nuclear status. India admitted the tests were for military purposes therefore blowing their earlier cover of 'peaceful' intentions.

The US response played a role in Japan's nuclear reaction but overall media pressure and domestic disapproval drove Tokyo's response. Japan's initial reaction was one of 'betrayal'⁵⁴ and anger. Demonstrations were held outside the Indian embassy and pressure placed on the government. MOFA received letters and calls complaining about

⁵²Masami Ito, 'Japan avoiding initiative in non-nuclear movement,' *Japan Times*, May 12, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100512f1.html> (Accessed on 13/05/10)

⁵³ According to one senior official who worked under several LDP administrations, such promises are merely *tatamae* rather than *honno*.

⁵⁴ This word was used by several officials and scholars interviewed by the author

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India's actions. Prime Minister Hashimoto described the tests as 'extremely regrettable'⁵⁵ and Foreign Minister Obuchi lodged a formal protest with the Indian Ambassador.⁵⁶

There was little internal debate over how Japan should react. Japan cancelled future ODA projects to India as well as a scheduled World Bank Forum for India donor countries due to be held in June 1998. Following India's second test yen loans were also suspended. Hashimoto called Ambassador Hirabayashi back to Tokyo 'for consultation', sending a strong and rarely-used diplomatic message. Indian scientists were also prohibited from Japan but humanitarian projects were maintained.⁵⁷ Japan drafted a UN resolution (1172) condemning India and the Indian Ambassador was considered a diplomatic 'outcast' and India as a whole a nuclear pariah.⁵⁸ Moreover Japan refused (and at least officially continues) to recognise either India or Pakistan as nuclear weapon states.⁵⁹

India had to some extent anticipated a stern response. According to one Indian scholar, the government thought reactions would in fact be stronger with the cessation of all FDI and were hence pleasantly surprised.⁶⁰ In particular India expected Japan's reaction to be hostile given Japan's nuclear history and unique 'allergy'.

⁵⁵ 'Japan freezes economic grants to India,' *Japan Times*, May 13, 1998, <http://search.japantimes.co.jp/cgi-bin/nn19980513a1.html> (Accessed on 04/05/11)

⁵⁶ 'World Reaction to the Indian Nuclear Tests', *James Martin Center for Non-proliferation Studies Archives*, http://cns.miis.edu/archive/country_india/reaction.htm (Accessed on 04/05/11)

⁵⁷ According to Hirabayashi, trade, investment, technical cooperation, assistance to grassroot and non-governmental projects as well as humanitarian aid and disaster relief measures were included from Japan's withdrawal Author's interview with Hirabayashi

⁵⁸ Author's interview with senior official, *Embassy of Japan, London, served in Delhi 1993-96, 2006-09* 20 April 2010

⁵⁹ 'Japan does not recognise India, Pak as N-weapon states'

⁶⁰ According to Chaudhury however, only one paper was written by the Finance Ministry, on the potential impact of a nuclear test on India's economy. Author's interview with Roy-Chaudhury

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Understanding, however, was tarnished by Hashimoto's comment to a journalist that Japan needed to 'punish India'.⁶¹ The word provoked a strong reaction and hardened feelings of goodwill. Other diplomatic blunders on Japan's part also disrupted progress. In the midst of the Kargil crisis of 1999 when Indian camps were attacked, deputy MOFA spokesmen indicated that *both* sides were to blame. Delhi responded with disbelief, calling in Japan's Ambassador for 'gentle protest'. India rejected Japan's characterisation of India and Pakistan as on a similar level, forcing Tokyo to apologise for their 'mistake'.⁶²

Japan's official response was also based on domestic political issues. As Jain notes, as Japan struggled with a banking crisis, international criticism and an impending Upper House election, Hashimoto wanted to appear pro-active and decisive.⁶³ Hashimoto was also about to attend the G8 meeting in Birmingham and wanted to deflect attention from Japan's economic performance. This tack was altered by Mori's 2000 visit which avoided the subject except when pressed by an Indian reporter.⁶⁴

Indian officials tried to reason with Japan pointing to India's unstable neighbourhood and absence of a US nuclear umbrella.⁶⁵ There were also some feelings of offence since prior to the tests India had held Japan in high regard.⁶⁶ However most in Delhi paid little attention to Tokyo's reaction. As one Japanese official recounts,⁶⁷ reports focused on New York and London. An Indian press official also recalls that little attention was

⁶¹ Despite this comment, there is evidence of Hashimoto's personal interest in India and conviction that India would one day reach major power status. Hashimoto, a keen climber, had visited India several times to scale the Himalayas. Author's interview with Hirabayashi

⁶² This was done at the 24th G8 meeting in Birmingham, England between May 15 and 17, 1998

⁶³ Jain, 'From Condemnation to Strategic Partnership,' p. 6

⁶⁴ Author's interview with Naidu

⁶⁵ As one scholar noted, some Indian officials resent Japan having the US umbrella over it but refusing to hold it themselves with no plan B for when 'the rain starts to fall'.

⁶⁶ Author's interview with Enoki

⁶⁷ Author's interview with Ogawa

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paid to Japan.⁶⁸ To this day India officially describes Japan's reaction as 'adverse' and 'an error in judgement'.⁶⁹ India's Foreign Secretary made a point during Mori's visit not to call for the lifting of sanctions⁷⁰ and merely 'took note' when they were lifted.⁷¹ He also blamed the sanctions as 'an irritant in bilateral relations' and as having no effect but to harm Japanese business. For other sections of India's elite, they 'agreed to disagree' with Japan.⁷²

V. 'Nuclear Renaissance'

The structural factors which served to reignite relations will constitute the following section of this chapter. The first is the 'nuclear renaissance' which emerged in the years after the 1998 tests. Not only geopolitical but industrial developments have coincided to create a context for Japan-India engagement. During the initial years of the Cold War, enthusiasm for nuclear energy was curbed by international hostility to anything 'nuclear'. The two oil crises of the 1970s, however, reawakened curiosity, only to be halted by the Three Mile accident in the US and Chernobyl disaster in the Ukraine. Nuclear projects subsequently went into a 'winter-like freeze.'⁷³

⁶⁸ This senior official, recently stationed in Tokyo, was part of the Indian External Affairs Ministry press team at the time of the tests.

⁶⁹ Author's interview with Sahdev

⁷⁰ Chietigj Bajpae, 'The Samurai and the Swami Rediscover Each Other', *IPCS Issue Brief*, No. 51 (September 2007), http://www.ipcs.org/pdf_file/issue/512858895IPCS-IssueBrief-No51.pdf (Accessed on 19/05/09)

⁷¹ Satu P Limaye, 'India-East Asia Relations: The Weakest Link but Not Goodbye', *Comparative Connections, CSIS*, Vol. 4, No. 4, (January 2003), p. 8

⁷² Ambassador Hirabayashi recalls a distinct difference in approach between the Indian Foreign Ministry and political establishment following the tests. Whilst the BJP held resolve, the Foreign Ministry in particular restrained from complaining about Japan's sanctions and shared with the Ambassador his sadness at the damage recent events would have on their countries' relations. Other interpretations in India were that Japan didn't want India's power profile to overtake and frustration that they themselves should go nuclear. At this time, Japan also did not expect India to grow. Author's interview with Hirabayashi

⁷³ Tetsuya Endo, 'Countries Planning to Introduce Nuclear Power Generation and the 3Ss - Making the 3Ss an International Standard,' *ICNND Research Paper*, June 2009, p. 2

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The twentieth century, however, witnessed a resumption or ‘renaissance’ of interest in nuclear power generation for primarily two reasons. Energy demand from China and India and the parallel concern for rising global temperatures saw nuclear power enjoy a ‘dramatic worldwide comeback’. The sharp increase in the price of crude oil in 2003-04 also stimulated interest in alternative sources.⁷⁴ According to the World Energy Outlook 2009, from 1980 to 2007 total world primary energy demand grew by 66%, with the increase in Asia most ‘dramatic’.⁷⁵ Nuclear energy as one of the cleanest sources of energy is expected to respond to this surge. As nuclear power does not emit carbon dioxide in the electricity generation process it is seen as a far more attractive solution.⁷⁶ At present nuclear energy accounts for only 15% of the world’s energy.⁷⁷ By 2005-06, according to the IAEA more than sixty countries were considering nuclear power⁷⁸ with 56 operating civil research reactors, 65 more could be built by 2020.⁷⁹

ASEAN has been especially interested in nuclear power with Vietnam said to hold the ‘most aggressive’ ambitions. Hanoi announced in 2010 plans to build eight plants by 2030 and hopes to sign contracts with Japan. In September 2010 Japan and Vietnam launched their first negotiations in Vienna towards a bilateral treaty through a joint

⁷⁴ Author’s interview with senior official, *International Nuclear Energy Cooperation Division, MOFA* 23 June 2010. This official has many years of experience on nuclear issues, having worked in Vienna at the Permanent Mission, at CTBT Secretariat and Intelligence and Analysis Division before moving to current Division in 2006.

⁷⁵ This is estimated to average 4.7% per year to 2030. ‘World Energy Needs and Nuclear Power,’ *World Nuclear Association*, June 2010, <http://www.world-nuclear.org/info/inf16.html>

⁷⁶ Whilst natural gas plants produce 30% less than oil, this is still 22 times higher than nuclear according to METI. ‘The Challenges and Directions for Nuclear Energy Policy in Japan: Japan’s Nuclear Energy National Plan’ *Nuclear Energy Policy Planning Division, METI*, (December, 2006), <http://www.enecho.meti.go.jp/english/report/rikkoku.pdf>, p. 18

⁷⁷ This figure has been declining from 17% in 1993 and 16% in 2003. Gavan McCormack, ‘Japan as a Plutonium Superpower,’ *Japan Focus*, 9 December, 2007, <http://japanfocus.org/-Gavan-McCormack/2602>

⁷⁸ ‘World Energy Needs and Nuclear Power’

⁷⁹ Archana Chaudary, ‘Nuclear Accident Forces China Policy Review as India Sees Safety Backlash’, *Bloomberg*, 14 March 2011, <http://www.bloomberg.com/news/2011-03-13/japan-nuclear-accident-may-thwart-boon-to-areva-ge-in-china-india-plans.html> (Accessed on 16/03/11)

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venture between six Japanese firms; this was confirmed in late-October.⁸⁰ Indonesia's aspirations are a close second to Vietnam, hoping to build four plants by 2025. Thailand and Singapore also have plans or the intention to draft some in coming years.

Following the events at Fukushima in March 2011, the replacement and expansion of reactors looks likely to curtail slightly but with 14% of the world's electricity generated by nuclear sources and many reactors nearing retirement, nuclear will remain in states' energy portfolio despite unease in some countries; such as Germany, Italy and Switzerland.⁸¹ China has said it would 'review its programme' but is unlikely to move away from nuclear power.

VI. India's thirst for energy

Whilst energy security is cited by Japanese officials as of considerable import, the need in India is far more acute. With a population expected to reach 1.5bn by 2050 India's energy demand is set to escalate considerably. According to one estimate, electricity generation alone will need to increase to twelve times the 2001-02 level.⁸² In order for India to achieve the aspired to 10% growth, power generation needs to increase by 15% annually. As Pardesi and Ganguly argue, 'Energy security is India's Achilles' heel in its economic resurgence and in its path to becoming an Asian and global player.'⁸³

⁸⁰ 'Japan, Vietnam to begin talks on nuke pact,' *Japan Times*, 25 September, 2010, <http://search.japantimes.co.jp/cgi-bin/nb20100925a3.html> (Accessed on 25/09/10)

⁸¹ 'Nuclear power: When the steam clears', *The Economist*, 24 March 2011, <http://www.economist.com/node/18441163> (Accessed on 24/03/11) France for example relies on nuclear power for almost 80% of its power.

⁸² Janardhanan Nandakumar, 'India and nuclear power: examining socio-political challenges to energy security,' <http://www.world-nuclear.org/sym/2008/presentations/nandakumarpresentation.pdf> p. 112

⁸³ Manjeet S. Pardesi, and Sumit Ganguly, 'Energy Security and India's Foreign/Security Policy' in Harsh Pant ed., *Indian Foreign Policy in a Unipolar World*, (New Delhi: Routledge, 2008), p. 99

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Following the Arab oil embargo of 1973, India became aware of the insecurity of Persian Gulf energy supplies. India relies on the Middle East for approximately 70% of its crude oil imports, primarily from Saudi Arabia followed by Iran.⁸⁴ A consistent energy flow furthermore facilitates India's other imperatives for stability, including environmental health and the alleviation of poverty. In 2007 nuclear energy accounted for only 3-4% of India's power⁸⁵ but Delhi aspires to add another 12-16 GW of nuclear capacity to its power grid by 2020, which in 2007 stood at 3 GW.⁸⁶ According to the Indian official leading negotiations on a deal, whilst solar and wind sources are an option, 'nuclear is tried and tested...it is also clean'.⁸⁷ External challenges depend on the IAEA, NSG and US Congress' actions towards the US-India deal but as with many of India's troubles, domestic challenges in the form of lack of consensus, public scepticism or ignorance of nuclear power threaten to slow India's ability to exploit foreign interest.⁸⁸

India offers external suppliers with an incredible opportunity. In the next decade alone, 34 more reactors (in addition to the 19 already in operation) are predicted to open.⁸⁹ Before the India-US deal, India's nuclear technology industry was largely home-grown with little participation from foreign actors. By 2010, however, several states had weighed in on India's nuclear market. Japan will be a major beneficiary of this surge, assuming certain export conditions are met. Japan is not, however, the only state toying

⁸⁴ 'India', *Country Analysis Briefs, US Energy Information Administration*, (August 2010), <http://www.eia.doe.gov/cabs/India/Full.html>

⁸⁵ Nandakumar and Kumar, 'India-Japan Relations: Are There Prospects for Civil Nuclear Cooperation?', *Strategic Analysis*, 31:6, (2007) p. 975

⁸⁶ *Ibid.*

⁸⁷ Author's interview with Senior Indian MEA official

⁸⁸ Nandakumar, 'India and nuclear power: examining socio-political challenges to energy security'

⁸⁹ Russia has announced its intention to build up to 16 of these new nuclear reactors in India as part of its plan to capture at least a quarter of the new nuclear power business worldwide. Peter J Brown, 'IAEA faces mushrooming Asia challenge,' *Asia Times*, 8 June, 2010, http://www.atimes.com/atimes/Middle_East/LF08Ak02.html (Accessed on 08/06/10)

with how to balance non-proliferation efforts with the economic implications, providing Japan with intense competition. Other states whose approaches are detailed below, place pressure on Japan and influence policymaking. However they also provide some justification for Japan's adjusted export policy.

VII. External pressures – competition from Australia, Canada and ROK

Japan has been accompanied in its firm stance towards India by Australia, particularly under the Labor government of Kevin Rudd. Japan's more amicable position hastened predictions that Australia with the world's largest reserves of uranium ore would also seek a slice of India's market. Until late 2011, Canberra maintained a ban on selling uranium to India.

Canada with large uranium resources concluded a deal with India in 2010.⁹⁰ Canada felt in many ways responsible for India's 1974 test since in the 1950s and 1960s Canada sold India a CIRUC research reactor and two CANDU power reactors. Plutonium from the CANDU was used to make the fissile material for India's bomb.⁹¹ Yet when Canada broke off such cooperation, India continued to develop its own equipment, leaving out Canadian industry. According to the Indian diplomat Arundhati Ghose, the 2010 agreement was 'a win-win situation on nuclear trade and commerce.'⁹² Strategically India also considers Canada significant as one of the major country [sic] among 'non-

⁹⁰ The deal was signed during Prime Minister Singh's visit to Canada for the 2010 G-20 summit. 'Canada and India sign nuclear co-operation deal,' *BBC News*, 28 June, 2010, <http://www.bbc.co.uk/news/10430904> (Accessed on 28/06/10)

⁹¹ The Cirus reactor is still in fact operating although it is thought to be demolished in the near future. According to Perkovich, the US was also involved in this sale under the understanding that the reactors were for peaceful purposes. Author's interview with Kaneko.

⁹² Arundhati Ghose, 'India would like to access large uranium reserves of Canada, and they would like to have our technologies on Candu reactors,' cited in Suresh Jaura, 'Canada-India: The Nuclear Bonanza,' *Global Perspectives*, January 2010, http://www.global-perspectives.info/download/2010/pdf/What_After_Copenhagen_January_2010.pdf

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nuclear [weapon] nation states' supporting non-proliferation. Interestingly Japan did not fall into this category.

The deal between India and Canada whilst heightening the pressure on Japan also provided some justification for Japan's activism. Japanese diplomats and businessmen could argue that Japan was not simply following US policy but responding to the 'international realities' which Singh articulated following the India-Canada deal.⁹³

ROK has also shown itself bullish in the Indian nuclear market, posing another systemic external pressure on Japanese policy. Commentators in India certainly point to the influence which losing lucrative contracts had on Japan's behaviour.⁹⁴ The victory over Japan (and France) in 2009 to win a \$20bn contract to build and operate the UAE's first nuclear power plants came as an uncomfortable surprise to Japan.⁹⁵ The contract also represented ROK's first overseas order⁹⁶ and according to a senior Japanese diplomat in Delhi, 'influenced thinking on how government should play a role in the winning of large contracts'. The announcement that Seoul would host the next Nuclear Security Summit in 2012 further supported the ROK's arrival in the nuclear export market.⁹⁷ The ROK aspires to hold 20% of the global industry by 2030 and export 80 nuclear

⁹³ According to Prime Minister Singh, the agreement 'reflects the change in international realities', 'Canada and India sign nuclear co-operation deal,' *BBC News*, 28 June, 2010, <http://www.bbc.co.uk/news/10430904> (Accessed on 28/06/10)

⁹⁴ Archis Mohan, 'Japan softens on nuke deal,' *Telegraph of India*, 10 June, 2010, http://www.telegraphindia.com/1100611/jsp/frontpage/story_12553396.jsp (Accessed on 10/06/10)

⁹⁵ It is thought that the ROK's offer undercut Japan's bid by 20% and offered to guarantee the operation of the plant for sixty years. Kiyohide Inada and Tetsuya Hakoda, 'ROK bets on nuke exports to power economy', *Asahi Shimbun*, July 5, 2010, <http://www.asahi.com/english/TKY201005060259.html> (Accessed on 07/07/10)

⁹⁶ 'Korea Electric, Doosan Jump on U.A.E. Nuclear Order,' *Bloomberg*, 28 December, 2009, <http://www.bloomberg.co.jp/apps/news?pid=conewsstory&tkr=034020:KS&sid=a5KcLXrcixE> (Accessed on 28/12/09)

⁹⁷ Weitz, Richard, 'Asia Steps Up at Nuclear Meet,' *The Diplomat*, 19 April, 2010, <http://the-diplomat.com/2010/04/19/asia-steps-up/> (Accessed on 28/12/09)

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reactors. Currently there are 21 plants in operation and seven planned, with the objective of 50% of energy sourced from nuclear by 2030.⁹⁸

For years Japan has relied on its advanced technology to compete against rival foreign firms. In the nuclear field, however, technological skill might not prove as beneficial as first assumed. As the consultancy IHS Global Insight warned in mid-2010, Japan's 'perhaps overcomplicated' designs could prove difficult to sell in emerging markets.⁹⁹ Where the ROK holds advantage is in 'cost efficiency' and 'less popular pressure for the massive security measures incorporated in the latest US, European and Japanese reactor designs.'¹⁰⁰ The ROK's relatively distant political role in the region was a significant benefit. For example Korea's Minister of Knowledge Economy has stated that 'India being not a member of the NPT does not pose any problem'.¹⁰¹

The personal efforts of ROK's premier Lee Myung-bak were also significant. Lee called to personally petition the negotiators, including the UAE Prince¹⁰² and made a good impression in India when he visited for the 61st Republic Day in January 2010. Lee was chosen as the 'chief guest of honour' for the event.¹⁰³ ROK is an appealing client for India; economically, the ROK has invested heavily in India with bilateral trade totalling

⁹⁸ Inada and Hakoda, 'ROK bets on nuke exports to power economy'

⁹⁹ Soble, 'Japan feels the heat from emerging nuclear energy rivals,' *Financial Times*, 28 June, 2010, <http://blogs.ft.com/beyond-brics/2010/06/28/japan-feels-the-heat-from-emerging-nuclear-energy-rivals/> (Accessed on 28/06/10)

¹⁰⁰ Japan Steel Works also previously held a monopoly on manufacturing the vessel for reactors which reduced the risk of leakages but Doosan, the Korean company now shows signs of entering the market. Indrani Bagchi, 'India, Japan to hold talks on civil nuclear cooperation today', *Times of India*, 21 August, 2010, <http://timesofindia.indiatimes.com/india/India-Japan-to-hold-talks-on-civil-nuclear-cooperation-today/articleshow/6383218.cms> (Accessed on 03/10/10)

¹⁰¹ Y J Ji, 'India-S Korea Nuclear Cooperation: Strategic Convergence?' *IPCS*, No. 3187, 8 July 2010, <http://www.ipcs.org/article/nuclear/india-s-korea-nuclear-cooperation-strategic-convergence-3187.html> (Accessed on 16/07/10)

¹⁰² Mohan, 'Japan softens on nuke deal'

¹⁰³ President Lee told the Nuclear Security Summit held in Washington in April: 'If (nuclear power) is used for peaceful purposes, it will become a new method to cope with global warming. My country has managed nuclear power plants thoroughly. As a result, there have been no accidents since they were put into operation 32 years ago.' Inada and Hakoda, 'ROK bets on nuke exports to power economy'

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\$15.6bn in 2009 with targets of US\$30bn by 2014. As discussed in the previous chapter, Japan keenly feels the lost market-share to ROK in automobiles and white goods and is therefore conscious of further pressure.¹⁰⁴

VIII. Japan Internationalises its Nuclear Industry

The resurgence of nuclear technology has not been lost on Japan. Japan has for many years been aware of the economic potential of nuclear energy and the advanced level of domestic technology in the field. Japan and the US have long followed different policies regarding nuclear energy. As Katahara points out, during the Cold War the US allowed Japan to maintain active research in nuclear breeder reactions. Japan has continued to use a plutonium-based nuclear fuel cycle at home unlike most Western democracies.¹⁰⁵ Until early 2011, over a third of Japan's electricity was sourced from nuclear plants.

The mid-2000s saw a surge in governmental efforts to overhaul nuclear policy in response to the 'nuclear renaissance.' For years the government, utilities companies and plant-makers didn't take the initiative for a long-term strategy but in October 2005 METI introduced a 'Framework for Nuclear Energy Policy', followed in August 2006 by a 'Nuclear Power Nation Plan'.¹⁰⁶ This former policy, led by Japan's Atomic Energy

¹⁰⁴ Purnendra Jain, 'Japan's nuclear pact with India,' *East Asia Forum*, 7 September, 2010, <http://www.eastasiaforum.org/2010/09/07/japans-nuclear-pact-with-india/> (Accessed on 07/09/10)

¹⁰⁵ Some differences in the fuel cycle deserve attention here. In a complete fuel cycle, unlike that for civilian power which is known as the 'once through fuel cycle,' spent fuel is reprocessed and plutonium separated from the used fuel. Here lies the potential for proliferation. As Katahara points out, several countries including Japan use the complete cycle. Eiichi Katahara, 'Japan's plutonium policy: Consequences for non-proliferation,' *The Non-proliferation Review*, Volume 5, Issue 1, (Autumn, 1997), p. 54

¹⁰⁶ Taisuke Abiru, 'Japan, Russia and the Future of Nuclear Energy,' *Tokyo Foundation*, 20 August, 2010, <http://www.tokyofoundation.org/en/articles/2010/japan-russia-and-the-future-of-nuclear-energy-1> (Accessed on 20/08/10)

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Commission and adopted by the Cabinet, hoped to increase Japan's electricity capacity sourced from nuclear power by 'between 30 and 40%' by 2030.¹⁰⁷

As McCormack writes, Japan's has long-invested heavily in nuclear research and projects which may promise Japan a 'plutonium economy' through greater energy self-sufficiency and less dependence on volatile regions such as the Middle East.¹⁰⁸ Japan's energy self-sufficiency levels without nuclear power, are perilously low at just 4%.¹⁰⁹ By early 2011 55 nuclear power plants were activated, holding an estimated 47 tons of spent nuclear waste in the form of plutonium.¹¹⁰ Following fourteen years out of operation after a fire and unsavoury cover-up, the Monju fast breeder reactor (FBR) in Tsuruga reopened in May 2010 (coinciding awkwardly with the NPT Review Conference in New York). The controversial and much-delayed Rokkasho reprocessing plant was also set to open in October 2010 but was further delayed until 2012.¹¹¹ Japan's commercial nuclear power reactors have long been in need of repair thus accelerating the need to expand abroad.¹¹²

¹⁰⁷ McCormack, 'Japan as a Plutonium Superpower'

¹⁰⁸ Ibid.

¹⁰⁹ This figure is lower even than Japan's food self-sufficiency which stands at 40%. 'The Challenges and Directions for Nuclear Energy Policy in Japan: Japan's Nuclear Energy National Plan,' p. 12

¹¹⁰ Brown, 'IAEA faces mushrooming Asia challenge'

¹¹¹ Eric Johnston, 'Rhetoric belies atomic policy,' *Japan Times*, 7 August, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100807a2.html> (Accessed on 07/08/10)

According Nandakumar and Kumar, Rokkasho is one of the largest civilian reprocessing facilities in a non-nuclear state. Nandakumar and Kumar, 'India-Japan Relations: Are There Prospects for Civil Nuclear Cooperation?' p. 976

¹¹² In June 2010 a report by the Nuclear and Industrial Safety Agency concluded that whilst the majority were of 'tolerable' standard, greater inspection was needed in the future. 'Half of Japan's reactors in trouble,' *Japan Times*, 15 June, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100615a3.html> (Accessed on 15/06/10)

i. *Using nuclear technology as an export*

Japan has come to realise that such technology could not only benefit Japan at home but also act as an export, offering strategic, as well as economic advantages. 2010 saw particularly increased efforts to promote nuclear technology for export as well as domestic use. In June 2010 Japan and Jordan agreed on a draft for Diet ratification which would allow Mitsubishi Heavy Industry (MHI) and Areva to sell nuclear reactors¹¹³ whilst negotiations were underway with the UAE and South Africa.¹¹⁴ Tepco (Tokyo Electric Power Co.) announced in May 2010 that it would be investing in nuclear power abroad in a deal with the US¹¹⁵ and METI agreed to facilitate the creation of a firm incorporating the Tokyo, Chubu and Kansai electric power companies with Toshiba, Hitachi and MHI to support Japanese nuclear exports.¹¹⁶ Japan also pushed its nuclear exports as chairman of the APEC meetings in late 2010.

METI views the nuclear market as ‘globalised rather than concentrated’¹¹⁷ and is hence adapting to this shift. ‘International cooperation on nuclear energy policy is necessary in order to combat such business risks as nuclear non-proliferation’. The number of new nuclear power plants in Japan has fallen sharply since the 1990s so firms are looking abroad for expansion potential. As METI argues; ‘only international alliances survive

¹¹³ Nayla Razzouk, ‘Japan, Jordan Agree to Allow Nuclear Sales by Areva, Mitsubishi,’ *Bloomberg*, 14 June, 2010, <http://www.businessweek.com/news/2010-06-14/japan-jordan-agree-to-allow-nuclear-sales-by-areva-mitsubishi.html> (Accessed on 15/06/10)

¹¹⁴ In July 2010, Japan also proposed to jointly build quake-resistant nuclear power plants with Iran. ‘Iran, Japan to Jointly Build Quake-resistant Nuclear Power Plants,’ *Xinhua*, 20 July 2010, <http://english.cri.cn/6966/2010/07/20/1461s583865.htm> (Accessed on 20/07/10)

¹¹⁵ ‘Breaking new ground, Tepco to invest in US nuclear business,’ *Japan Times*, 11 May, 2010, <http://search.japantimes.co.jp/cgi-bin/nb20100511a4.html> (Accessed on 11/05/10)

¹¹⁶ Stephen Blank, ‘China puts down marker in nuclear power race,’ *Asia Times*, 16 June, 2010, http://www.atimes.com/atimes/China_Business/LF16Cb01.html (Accessed on 16/06/10) In August 2010 METI’s budget report committed to ‘actively promote nuclear energy’ with ‘safety as the primary prerequisite’. ‘FY 2011 Budget Request, August 2010, Ministry of Economy, Trade and Industry,’ <http://www.meti.go.jp/english/aboutmeti/policy/2011budget.pdf> p. 4

¹¹⁷ ‘The Challenges and Directions for Nuclear Energy Policy in Japan: Japan’s Nuclear Energy National Plan’

from now' unlike in the 1980s when independent reactor producers could operate on a country-by-country basis. Following a number of mergers, Japan has embarked on an active programme of information sharing. Japan also needs contracts with developing nations to complete a full nuclear fuel cycle.¹¹⁸ METI defends developing abroad as a means to 'maintain sufficient robustness in the field of [Japan's] industry's technologies and personnel during the lull in domestic construction until large-scale replacement works begin from around 2030'. Japan officially concurs with President Obama's vision for a nuclear-free world but in the meantime does not want to miss out on the strategic and commercial opportunities of nuclear technology.

IX. The US-India Nuclear Deal

The next important external structural change was the US-India nuclear deal. This, the most significant recent change to the export regime,¹¹⁹ provided a major condition under which Japan could engage with India.

The foundations for greater US-India dialogue were carved out in the latter half of the Clinton administration. The possibility of nuclear exports was first announced, however, by Secretary of State Rice during a visit to India in March 2005. In an 'Action Agenda' subsequently released in the *Washington Times*, the administration proposed forwarding geo-strategic cooperation between the two countries rooted strongly in US defence and military sales to India as a way to counter China's influence. Robert Blackwill, US Ambassador to India clearly articulated the role of China in Washington's decision-

¹¹⁸ For more detail on Japan's limited capability in this area, see Abiru, 'Japan, Russia and the Future of Nuclear Energy'

¹¹⁹ William C Potter, 'India and the New Look of US Non-Proliferation Policy,' *The Non-proliferation Review*, 12: 2, (2005), p. 344

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making, stating that there are ‘no two [other] countries which share equally the challenge of trying to shape the rise of Chinese power.’¹²⁰

The announcement came on July 18 2005. President Bush and Prime Minister Singh revealed their intention to jointly develop India’s civilian nuclear energy programme. In return, India promised to ‘voluntarily...separate civilian nuclear facilities in a phased manner and to file a declaration regarding its civilian nuclear facilities with the IAEA.’¹²¹ India would also receive US defence technology.¹²² US nuclear trade with India had been terminated in 1974 following India’s first nuclear test but the Bush administration claimed that by bringing India into the ‘mainstream’ of non-proliferation efforts, the global cause would be improved. Yet the diplomatic community and elites in India believe the deal had little to do with electricity (even optimistic estimates place the increase at only 8%).¹²³ For India, the deal invited them to the high table of international diplomacy.

i. *Commercial interests*

Within the American strategic rationale, hedging against China was not the only or even primary purpose. The Bush administration’s actual policy towards China was not as openly hostile as often assumed. In fact Rice and Bush whilst cautious were keen to

¹²⁰ Robert Blackwill cited in *Ibid.* p. 346

¹²¹ ‘Joint Statement Between President George W. Bush and Prime Minister Manmohan Singh’ *White House Press Statement*, 18 July, 2005, <http://georgewbush-whitehouse.archives.gov/news/releases/2005/07/20050718-6.html>. According to IAEA guidelines a safeguard agreement obliges a state to declare all nuclear material and facilities subject to the agreement and update information when necessary. ‘Treaty on the Non-Proliferation of Nuclear Weapons’ 5 March, 1970

¹²² A US official confirmed in March 2005 that the goal of the Next Steps in Strategic Partnership (NSSP) was ‘to help India become a major world power in the 21st century’...‘We understand fully the implications, including military implications, of that statement’. ‘US Unveils Plans To Make India ‘Major World Power’, *AFP*, 26 March, 2005

¹²³ Author’s interview with Latif

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continue engagement whilst also strengthening relations with China's neighbours.¹²⁴ Commercial gains were also at the forefront of Washington's mind. In comparison with Japan's 2010 rhetoric, the US was more candid with regards the industrial benefits of a deal. In 2006 Rice admitted, 'At its core, our initiative with India is not simply a government-to-government effort. It was crafted with the private sector firmly in mind.' Rice also claimed that with the building of just two Indian reactors, 3000-3500 direct and 10-15000 indirect jobs would be created for the US.¹²⁵ Mira Kamdar, a commentator on Indian affairs agreed, believing 'The Bush administration hopes that [the nuclear deal with India] will help resuscitate the moribund US nuclear power industry.'¹²⁶

Commercial implications were not foreseen only by the US. Both Russia and France with nuclear industries in need of revival recognised the potential of India's market, worth \$100-150bn.¹²⁷ Since the NSG operates by consensus, any one of the members could have blocked America's plans but chose to accede, viewing relations with both the US and India as preferable to non-proliferation dreams.¹²⁸

Several states, however, resented the NSG's preference towards India. For example South Africa and Ukraine, who had voluntarily abandoned their nuclear programmes to join the NPT and Argentina, Brazil and Egypt who had considered going nuclear but

¹²⁴ Harsh Pant, 'The US-India Nuclear Pact: Policy, Process, and Great Power Politics', *Asian Security*, Vol.5, No.3, 2009, p.275

¹²⁵ Remarks by State Condoleezza Rice at the Senate Foreign Relations Committee, 5 April 2006.

¹²⁶ Mira Kamdar, 'Risking Armageddon for Cold, Hard Cash', in: *Washington Post*, 7 September 2008

¹²⁷ According to Gupta, the 'civil nuclear pie...is not as large as it is imagined to be.' He believes estimates to have been 'vastly exaggerated' without taking due consideration of legal and local opposition to the building of sites. Peter J Brown, 'Japan weighs role in India's nuclear boom,' *Asia Times*, 19 June, 2010, <http://www.atimes.com/atimes/Japan/LF19Dh01.html> (Accessed on 20/06/10)

¹²⁸ Potter, 'India and the New Look of US Non-Proliferation Policy,' p. 350

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resisted.¹²⁹ The question of whether the deal indirectly permitted India to channel its own reactor to non-peaceful purposes remained open to debate, as did calls from parties such as Iran and Israel for similar ‘rights’ to exemption.

ii. *Domestic pressures in the US*

An additional factor during negotiations was the greater voice of the Indian community within the US. As James Lindsay pointed out in 2002, ‘Not only are [Indian-Americans] affluent in India, but China’s rising power and India’s decision to move toward a market economy means their calls for a more “India friendly” foreign policy are likely to meet a receptive audience in Washington’.¹³⁰ In 2007 there were an estimated 2.7m Indian-Americans (or Asian Indians) living in the US, an increase of 53% from 2000. This ethnic group shows the most rapid growth of all minorities, constituting just less than 1% of the total population.¹³¹

The ‘Indian-American’ community has not only made inroads in US industry but increasingly, political circles. As Limaye notes the ‘crescendo from the India lobby’ in the last decade, donating considerable sums to political candidates¹³² is an important factor behind policy decisions. Most recently in 2010 State Senator Nikki Haley won the Republican primary for the South Carolina gubernatorial election representing the

¹²⁹ According to Perkovich, ‘at least one such state put off adoption of the [IAEA] Additional Protocol in reaction to the US-India deal’s announcement.’ George Perkovich, ‘Global implications of the US-India deal’, *Dædalus*, (Winter 2010), p. 28. This state is widely assumed to be Brazil.

¹³⁰ Quoted in Jason Kirk, ‘Indian-Americans and the US-India Nuclear Agreement: Consolidation Of An Ethnic Lobby?’ *Foreign Policy Analysis*, 4, (2008), p. 281

¹³¹ According to the American Community Survey of the US Census Bureau

¹³² According to some, President Clinton’s visit to India in 2000 can also be linked with Hillary Clinton’s campaign for the New York Senate seat which required support from the Indian community. Author’s interview with US scholar, June 2010

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first Indian-American woman to win a major state-wide election. In Japan no similar stakeholders exist.

iii. *The NSG vote*

Before the deal could be implemented, the US needed the approval of the Nuclear Suppliers Group. The NSG was formed in 1975 in response to India's first nuclear test to tighten the exchange of nuclear technology for both civilian and military purposes. The group of 46 states agreed to block trade with non-NPT states to bolster non-proliferation. When this informal export-cartel was pressed by Washington to grant India an exemption, many in Delhi expected Japan to refuse whilst assuming China and Australia to be certain supporters.¹³³ China's actual cool response deeply angered India as a result.

Japan faced an unenviable dilemma. Should Japan admit its economic interests, reject the deal or the third option, quietly add its signature and muddle through the opposition likely to ensue? Tokyo chose the final option and signed a waiver which would allow nuclear technology to be transferred from the US. NSG members were permitted to 'transfer trigger list items and/or related technology to India for peaceful purposes and for use in IAEA safeguarded civil nuclear facilities.'¹³⁴

¹³³ Author's interview with Y. Ishida *Researcher, Intelligence and Analysis Service, MOFA* 10 June 2010

¹³⁴ 'Statement on Civil Nuclear Cooperation with India', *Final NSG Statement*, http://www.armscontrol.org/system/files/20080906_Final_NSg_Statement.pdf

iv. *Japan's rationale*

Proliferation officials reasoned that by incorporating India into the 'non-proliferation' regime, rather than the treaty, NSG members could 'control India through conditions' and ensure India's behaviour complied with the international community.' Hirabayashi for example argues that whilst India could use indigenous technologies to satisfy some of its demands, this would incur more accidents. It would be 'counter-productive' and result in a 'negative fallout for ourselves' therefore for Japan not to engage with India in its development. Japan also still holds faith in IAEA inspection but is aware of the potential loophole should India decide to channel its own nuclear materials to non-peaceful uses.¹³⁵ MOFA staff considered India's Nuclear Testing Moratorium to have been a 'big turning point' which allows Japan to press for clarification on the 'conditions and concrete language' in India's nuclear commitments.¹³⁶ Bureaucrats admit, however, that ultimately Japan was a 'reluctant supporter' which only agreed to the waiver 'out of necessity'.¹³⁷

The likelihood of Japan vetoing the deal was always negligible but Japan's signature at the NSG was far more than merely support of US strategic goals. Japan also had interest in India engaging with NSG members. In fact discussion of possible nuclear commerce was raised during Abe's 2006 visit to India, only to be quashed by public apprehension.

¹³⁵ Author's interview with senior official, *International Nuclear Energy Cooperation Division*

¹³⁶ Author's interview with senior official, *Non-Proliferation, Science and Nuclear Energy Division, MOFA* 14 June 2010

¹³⁷ Author's interview with senior official, Embassy of Japan, Delhi, 28 February 2011

v. *An answer to climate change?*

Another driver of demand is the growing concern for the dangers of climate change. According to scientists, nuclear energy represents a significantly lower threat to the environment than coal and oil. Reserves of these fuels are also finite. The issue of climate change is a relatively recent addition to Japan's diplomatic profile, according to the current Head of the Climate Change Division in MOFA before the launch of Abe's 'Cool Earth Initiative', the department was relatively small.¹³⁸ The issue has since risen in prominence, becoming one of the major themes of Japan's G8 Presidency in 2008.

Prior to assuming office, Hatoyama pledged to cut carbon emissions by 25% from 1990 levels, outdoing his predecessor's target of only 8%. Despite being one of the most energy-efficient societies, Japan has faced strong international pressure to lead on lowering emissions, especially after the government rejected extending the Kyoto Protocol. The DPJ is ideologically more concerned with environmental issues than the LDP or indeed METI but regarding a nuclear deal with India, the climate change factor has appeared less frequently than commercial implications.

Japanese bureaucrats approach the issue of Climate Change pragmatically, viewing the issue a 'space for influence...if done prudently'.¹³⁹ According to a senior official in the Non-Proliferation Division, it would be 'naïve' to believe climate change was the driving force for Japan's policy in this area. Instead 'energy security is key'.¹⁴⁰ In addition for the Japanese public, the issue of the NPT is more important than climate change concerns.

¹³⁸ Author's interview with senior official, *Climate Change Division, MOFA* 2 June 2010

¹³⁹ Ibid.

¹⁴⁰ Author's interview with senior official, *International Nuclear Energy Cooperation Division*

vi. *Japanese technology – the essential link*

To understand Japan's vested interests in the US-India Deal and nuclear industry, one needs to look no further than the organisation of some of the world's most powerful nuclear conglomerates. Nuclear reactor-makers have recently consolidated into three well-defined groups in response to a surge in demand. Japan plays a key role in this system, holding a considerable amount of leverage in expertise, technology and process-management ability.¹⁴¹

In 2006 a wave of deals ensured Japan's near-inevitable acceptance of the US-India deal. In February Toshiba announced its acquisition of Westinghouse, the US-based fuelling company from its parent company British Nuclear Fuels Limited (BNFL).¹⁴² In October of the same year, Mitsubishi Heavy Industries (MHI) and Areva (a French industrial conglomerate) agreed to cooperate in the nuclear energy field. This deal was extended in December 2008.¹⁴³ General Electric and Hitachi also formed a 60:40 joint venture in 2006.¹⁴⁴ All these firms are keen for Japan to abandon the export controls which prevent them from participating in India's boom industry and view Japan as the fundamental barrier to engagement. As Jeffrey Lewis states, 'Japan is an essential party for US and French nuclear cooperation with India... Without Japanese involvement,

¹⁴¹ According to Acton, 'three out of the four modern American and French reactors contain at least one component that can be manufactured in Japan and nowhere else.' George Perkovich, 'Solving Tokyo's Nuclear Conundrum,' *Wall Street Journal*, May 7, 2010, <http://carnegieendowment.org/publications/index.cfm?fa=view&id=40765> (Accessed on 07/05/10); Taisuke, 'Japan, Russia and the Future of Nuclear Energy'

¹⁴² 'Toshiba Acquires Westinghouse from BNFL,' *Toshiba Press Release*, February 6, 2006, http://www.toshiba.co.jp/about/press/2006_02/pr0601.htm; Abiru, 'Japan, Russia and the Future of Nuclear Energy'

¹⁴³ According to Reuters, Areva took a 30% stake in Mitsubishi Nuclear Fuel Co, 'Mitsubishi Heavy, Areva in nuclear fuel venture-paper,' *Reuters*, 21 December 2008, <http://uk.reuters.com/article/idUKT26475220081221> (Accessed on 05/10/10)

¹⁴⁴ Mohan, 'Japan softens on nuke deal'

American and French nuclear businesses could be denied opportunities in the Indian nuclear market.’¹⁴⁵ Areva for example needs components which only Japan can supply.

X. An India-Japan Nuclear Deal

Despite the above conditions for Japan-India nuclear cooperation, the aforementioned historical memories led most commentators to discount even the possibility of Japan striking an independent deal with India. In the first years of the new millennium officials claim it was ‘difficult to imagine’ nuclear cooperation but following the US-India deal, which itself came as a ‘surprise’ to some, the path was set. In order to ‘open the valve’ on the Indian market, Japan requires a formal treaty permitting nuclear trade. Whilst as Kaneko notes, Japan could theoretically sell materials and technology to the US who could then pass this onto India, such a ploy would soon be discovered. Rather than enter through the ‘*uraguchi*’ (back door), Japan entered formal negotiations in 2010.

The prospect of cooperation first emerged in late 2006 when PM Singh visited Japan. In the ‘Joint Statement Towards Japan-India Strategic and Global Partnership’, passing comment was made to investment in nuclear energy but little concrete action was taken. Domestic apathy was a factor but more precisely with the US-India nuclear deal not yet confirmed, Tokyo felt unable to take the initiative and decided to bide its time. A rumour picked up by the *Yomiuri Shimbun* that Abe intended to allow Japanese cooperation in Indian nuclear energy projects, prevented Abe’s government from

¹⁴⁵ Brown, ‘Japan weighs role in India’s nuclear boom’

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introducing even the suggestion of a deal but a Japanese Ambassador admits discussions took place ‘behind closed doors’.¹⁴⁶

Once begun, the Japan-India nuclear deal progressed at remarkable speed and accelerated particularly following METI Minister Naoshima’s April 2010 visit to Delhi.¹⁴⁷ The visit was at first under-reported but on the final page of the communiqué subsequently released, one sentence pricked the attention of onlookers; ‘The two Ministers decided to establish a Nuclear Energy Working Group under the Energy Dialogue to exchange views and information on their respective nuclear energy policies from the energy, economic and industrial perspectives.’ Their first meeting was held that afternoon.¹⁴⁸ The announcement of talks beginning the following Monday, came as a surprise to the majority of the academic community. The Japanese government were intensely cautious to describe talks as ‘exploratory in nature,’ well aware that talks between the US and India took three years to come to fruition. According to MOFA the discussions were premised on ‘how to conduct talks in the future, and in the contents of the Agreement.’¹⁴⁹ The ‘first round’ was more talks about talks than substantial deliberation which were resumed in October 2010.

A nuclear deal holds immense strategic implications. By showing itself willing to engage with India, given Japan’s sensitive view of nuclear technology, the negotiations

¹⁴⁶ Amid reaction to the *Yomiuri*’s leak, Shiozaki, the Chief Cabinet Secretary was forced to again call publicly for India to join the NPT.

¹⁴⁷ Naoshima’s visit was overshadowed, however, by former Prime Minister Hatoyama making a trip to Okinawa in the midst of the Futenma dispute at the same time.

¹⁴⁸ As Gupta noted, it was hence evident why the presidents of Hitachi, Toshiba and MHI accompanied Naoshima on this visit. Brown, ‘Japan weighs role in India’s nuclear boom’

¹⁴⁹ ‘Negotiations on a Japan-India Agreement for Cooperation in the Peaceful Uses of Nuclear Energy,’ *Japan Ministry of Foreign Affairs*, 25 June, 2010,

http://www.mofa.go.jp/announce/event/2010/6/0625_01.html

The talks were held between Mr. Mitsuru Kitano, Deputy-Director General, Southeast and Southwest Asian Affairs Department, MOFA (Special Representative in charge of Japan-India Nuclear Energy Cooperation Agreement) and officials concerned from relevant ministries with from the Indian side Mr. Gautam Bambawale, Joint Secretary, East Asia, MOEA and other officials.

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signal the importance Tokyo now affords Delhi. This about-turn was not lost on India's press who described Japan's initiation as an 'historic U-turn', 'softening' or 'relenting' on their previous hard line. But India too is keen to conclude an agreement. India needs more than rhetoric, it needs tangible assistance. The rumour in July 2010 that India was considering sending Shyam Saran, the diplomat who negotiated India's US deal, to Japan to allay the public's concerns, demonstrated the importance Delhi places on the deal.¹⁵⁰

XI. Intervening variables and actors

Japan's decision to 'relent' cannot be explained by just one issue. Instead, a culmination of factors with differing influential weight drew negotiations to an inevitable beginning. In line with this thesis' adherence to NCR, the primary motivation can be seen from structural factors. However within Japan there exists a number of actors whose intervening influence shaped the timing and nature of Japanese policymaking. The role of public opinion, politicians and bureaucrats will form the focus of the following section.

i. Role of public opinion

Japan's unique experience of nuclear attack is often cited as a key determinant in Japanese foreign policy. Certainly as noted above, public abhorrence towards India's nuclear tests in 1998 largely shaped Japan's official reaction. The NPT and 'regime' which evolved as a result has been described as akin to a 'religion' and following the

¹⁵⁰ 'India may send envoy to pitch nuclear pact to Japanese public,' *Japan Times*, 7 July, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100707b1.html> (Accessed on 07/07/10) Saran was Deputy Chief of Mission in Tokyo in the late-1980s.

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announcement of Tokyo's signature to the NSG authorisation of the US-India nuclear deal hundreds of letters were sent to MOFA condemning the decision. For many critics the deal mortally threatened the entire NPT regime.

In 1998 anti-nuclear sentiment provided the major impetus for the actions bureaucrats took. Hashimoto and some elements of the political hierarchy (eg Diet Member Suzuki) led the charge against India but it was public opinion which drove policy. As one Indian diplomat notes, Hashimoto had to 'play to the anti-nuclear gallery.' The reaction in 1998 was not driven by bureaucrats but rather a 'chain reaction' from the mass media who stirred domestic opposition.¹⁵¹

The immediate aftermath of the announcement for Japan itself to launch civil nuclear cooperation negotiations, encouraged a more muted response. *Hibakusha* organisations protested against news of negotiations, especially around the August 8th anniversary.¹⁵² The usual lobbies of the Citizens' Nuclear Information Center,¹⁵³ mayors of Hiroshima and Nagasaki as well as editorials from anti-nuclear media such as the *Asahi Shimbun* voiced strong opposition.

Public opinion has historically acted as a barrier and important intervening actor on Japanese foreign policy towards India. At several junctures the influence of public opinion has made itself felt in policymaking and on occasion impeded government positions. However the role public sentiment has played in more modern relations is on

¹⁵¹ Such a reading would fit Japan's later behaviour which breathed a sigh of relief when eventually a convivial excuse the lift sanctions was found with the 'War on Terror' and heightened terrorism threat.

¹⁵² Johnston, 'Rhetoric belies atomic policy'

¹⁵³ Ibid. 'If Japan concludes a nuclear cooperation agreement with India on the grounds that other countries, including the US, Russia and France, have done so, or because it is in Japan's commercial interest, it will become impossible to prevent nuclear proliferation,' said the Tokyo-based Citizens' Nuclear Information Center. Eric Johnston, 'Rhetoric belies atomic policy,' *Japan Times*, 7 August, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100807a2.html> (Accessed on 07/08/10)

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the decline due to the overwhelming structural factors which encourage Japan-India cooperation. Concerted and widespread public dissatisfaction with a Japan-India nuclear treaty did not materialise and officials were able to progress with negotiations without substantial domestic pressure.

As one non-governmental official noted, Japan's anti-nuclear feeling is 'time dependent', changing constantly with generational shifts.¹⁵⁴ The threat, perceived or genuine, from North Korea has also served to harden opinion eroding some of the traditionally anti-nuclear feeling towards a more pragmatic and realistic view. Bureaucrats now say that Japan needs to 'placate the domestic debate' and reassure people through public education.¹⁵⁵

Public understanding of the differences between nuclear weaponry and energy has also improved. According to Cabinet Office surveys whilst in 2005 only 25% of people thought nuclear energy safe, this rose to over 40% by 2010.¹⁵⁶ The build-up to the Copenhagen Climate Talks in December 2009, despite their limited progress, encouraged the media and public opinion at large to engage in debate over how best to secure the world's energy demands. In the post-war decades Japan understandably viewed anything related to 'nuclear' in a negative light. The nuance between *kaku heiki* and *kaku enerugi* (nuclear weapons and nuclear energy) has often caused confusion. Yet whilst opposition numbers are small they are vocal. Residents living near reactors often protest against their expansion for fear of leaks and object to government funds being channelled not to residents themselves but rather the prefecture as a whole. Japanese

¹⁵⁴ Author's interview with Takaya Suto, *Senior Advisor, Center for the Promotion of Disarmament and Non-Proliferation* 29 June 2010

¹⁵⁵ Author's interview with senior official, *Embassy of Japan, New Delhi*, 17 February 2011

¹⁵⁶ 'Nuclear power: When the steam clears'

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public opinion is not opposed to nuclear energy exports *per se*, but rather cooperation with India specifically, as a non-NPT signatory.¹⁵⁷

The Fukushima nuclear meltdown had a profound impact on Japan's nuclear policy as this chapter will later address. The line between nuclear weapons being 'bad' and energy 'good' was broken when radiation began leaking from the *Dai-ichi* power plant causing mass evacuation from the area resulting in public pressure playing a considerable role in adjusting Japan's energy policy to rely less on nuclear energy. Regarding the export of nuclear technology to third parties, however, domestic opinion might not prove as influential. Even if Japan's dependence lessens, the sale of expertise abroad might well continue. Public opinion therefore plays an intervening role but in the case of Japan's nuclear policy towards India, one which is decreasing in influence.

ii. *Bureaucrats*

A more important consideration is how policymakers have interpreted public opinion. At the strategic elite-level, India is recognised as a '*de facto*' nuclear power with relatively understandable disaffection with the current nuclear membership system.¹⁵⁸ The schism between elite and grass roots opinion on the utility of nuclear technology was evident in 2009 when the 'tacit agreement' between Japan and the US to allow American nuclear-armed vessels to dock in Japanese ports, was revealed.

¹⁵⁷ Furthermore as one official notes, whilst on the whole, the Japanese people support nuclear energy as a viable domestic power source, they oppose the building of reactors near their homes. Author's interview with senior official and former Director, *Southwest Asia Division, 2000-02, MOFA* 25 June 2010

¹⁵⁸ Author's interview with senior official, *Southwest Asia Division, MOFA*, 24 June 2010

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As officials, academics and Abe told the author, emotions on this issue have often outweighed pragmatic reasoning. Bureaucrats recognise their obligation and ‘did our effort’ in 1998 but many since appreciate the limitations of Japan’s response. MOFA is not ‘immune’ from strong feelings¹⁵⁹ and accepts that Japan’s response may have gone too far, especially by halting ODA. One Ambassador describes the country’s reaction as ‘hysteria’¹⁶⁰ in which bureaucrats accepted populist demands even at the expense of future strategic interests. Even the Chief of the India desk at the time disagreed with the government’s action. The now-Consul General in Kolkata told the author that it was a ‘political decision’ motivated by public opinion whilst the bureaucracy were keen for relations to be normalised.¹⁶¹ Director of the South West Asia Division in 1998 also noted that the ‘economic measures’ were a ‘big handicap’ for Japanese industry.¹⁶²

Bureaucrats now widely admit that their reaction in 1998 ‘may not have been logical’¹⁶³ and speak of increased realism in how to deal with India. Japan realises that repeated pleas for India to sign the NPT or CTBT are ineffective. Japan’s encouragement for India to fund a CTBT organisation as a sign of their intentions was also recently rejected.¹⁶⁴ A new approach based on solid relations is required.

Neither Japan nor India fully understands the nuclear postures of the other but Japanese bureaucrats have shown an increased awareness of the strategic implications, which have moderated their willingness to succumb to anti-nuclear lobbies. At the time when

¹⁵⁹ Author’s interview with Kaneko

¹⁶⁰ Author’s interview with Noda

¹⁶¹ Author’s interview with senior official, *Japan Consulate, Kolkata*, 3 March 2011. This official had a long professional association with India having served twice as Chief of the India desk and undertaking four postings in India (two in both Delhi and Kolkata). He has also worked on Nepal and Sri Lanka

¹⁶² Author’s interview with senior official and former Director, *Southwest Asia Division, 2000-02, MOFA* 25 June 2010

¹⁶³ Author’s interview with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010

¹⁶⁴ Author’s interview with Gupta, 21 June 2011

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Japan decided to include its signature at the NSG, opinion within MOFA was divided. In one camp, particularly the functionalists such as those who oversaw non-proliferation thought the US deal fundamentally contradicted the nuclear regime.¹⁶⁵ For regionalists the deal whilst not perfect, offered the best chance to rein in one of the world's largest future power-emitters and once public opinion could be assuaged, open the prospect for exports. Usually area-offices take precedent but on such a sensitive issue, the decisive move was made when senior-level bureaucrats and politicians gave their support to opening negotiations.¹⁶⁶ As one official admitted, they knew 'eventually it will be in our interests.' This latter acceptance of India's strategic importance has gained greater ground within the bureaucracy since.

The evolution of the bureaucracy's attention to India, nuclear exports and proliferation can be seen in the distribution of staff to the issue. As one senior MOFA official remarked, ten years ago one would 'never imagined' that Japan would have so many bilateral agreements on nuclear technology. Indeed until recently, MOFA did not contain a Non-Proliferation Division. Previously three officials from one section of another division dealt with non-proliferation issues whilst today approximately fifteen hold this brief.¹⁶⁷ One additional official was recruited to the Division to work solely on the nuclear deal with India.¹⁶⁸

A further change identifiable in Japan's nuclear policy comes from the internal cooperation between METI and MOFA on an energy deal. The two ministries have had

¹⁶⁵ The Disarmament Division for example sought further conditions of use and commitments by India and strongly opposed the lifting of sanctions on India in 2002.

¹⁶⁶ Author's interview with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010

¹⁶⁷ Author's interview with senior official, *Non-Proliferation, Science and Nuclear Energy Division*

¹⁶⁸ According to one senior official in the Division, since India is a non-signatory to the NPT the issue cannot solely be handled by his division. Instead, as an 'exceptional case', the Southwest Asia Division is primarily responsible. Author's interview with senior official, *International Nuclear Energy Cooperation Division*

an occasionally antagonistic history which has been held culpable for Japanese inaction. For a nuclear agreement with India, however, resources have been pooled to accelerate negotiations. When they began in the summer of 2010, officials from MOFA, METI and the Cabinet attended. This was quite a rare example of cross-ministry coordination.

iii. *Politicians*

Politicians are dependent on their constituents for their position so can be expected to take a keen interest in public opinion. However as is noted throughout this thesis, politician-interest has been meagre. Yet as the prospect of nuclear cooperation has surfaced, politicians from anti-nuclear lobbies have intervened. The LDP had previously been enthusiastic but when the DPJ assumed power in August 2009, Indian policymakers feared a reversal. As a party associated with the Left it was feared any nuclear cooperation would be shunned. Furthermore Kasuo Okada, Foreign Minister from August 2009 to September 2010, had led the Diet debate against the LDP administration over the US-India deal¹⁶⁹ and claimed the NPT regime to be his ‘philosophy’. The decision to then open negotiations with India on a nuclear agreement was in his own words, one of the toughest he ever made.¹⁷⁰

The DPJ decided to support negotiations. Following Hatoyama’s attempt to separate domestic issues from security concerns, Kan was said to be particularly cautious.¹⁷¹ At one time it was thought Kan might seek to maintain a ‘liberal’ image by promoting

¹⁶⁹ Author’s interview with senior official, *Embassy of Japan, London, served in Delhi 1993-96, 2006-09* 20 April 2010

¹⁷⁰ ‘Japan and India in nuclear co-operation talks,’ *BBC News*, August 22, 2010, <http://www.bbc.co.uk/news/world-south-asia-11050615>

¹⁷¹ Professor Kazuto Suzuki quoted in Brown, ‘Japan weighs role in India’s nuclear boom’

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nuclear disarmament¹⁷² but commercial and strategic interests soon took precedence. As members of DPJ staff told the author, without the economic benefit Japan would not spend such political capital on nuclear energy. It was assumed that Kan would be more able to push through such an agreement due to his background as a ‘non-government man in mentality’ and less in the pockets of big business.¹⁷³

A Japan-India nuclear deal also suited Kan’s domestic economic objectives. Upon assuming the premiership, Kan announced a 10-year growth strategy in which priority was given to the promotion of nuclear power exports and infrastructure. As India looks to manufacture fast-breeder reactors (FBRs), officials in Japan consider Japanese expertise to provide an ‘easy complementarity.’¹⁷⁴ Prior to the DPJ administration, however, METI was laying the groundwork for such an approach, identifying emerging markets for Japanese exports and investment in an ‘Industrial Structure Vision.’

METI Minister Naoshima proved particularly keen to promote the sale of Japan’s highly-prized nuclear expertise. He defended India’s peaceful use of nuclear technology as ‘already...internationally accepted.’ Other significant individuals behind the deal were Shunsuke Kondo, Chairman of the Japan Atomic Energy Agency and Yoshito Sengoku, Chief Secretary General of the Cabinet and so-called ‘go-to guy’ on major policy issues.¹⁷⁵ In the Cabinet reshuffle following Kan’s victory over Ozawa in 2010 in a leadership challenge, Okada was also replaced by Seiji Maehara.

¹⁷² Professor Nobumasa Akiyama quoted in Ibid.

¹⁷³ Author’s interview with Inoguchi

¹⁷⁴ Bagchi, ‘India, Japan to hold talks on civil nuclear cooperation today’

¹⁷⁵ Brown, ‘Japan weighs role in India’s nuclear boom’

Overall, support for a deal has received cross-party support, except when the SDPJ were in coalition with the DPJ. According to officials, the SDPJ ‘don’t like India’¹⁷⁶ due to their opposition to the use of nuclear energy¹⁷⁷ and represented a ‘major impediment to diplomatic strategy’.¹⁷⁸ In an indirect way therefore, the Futenma episode which relieved the DPJ of the SDPJ accelerated the speed of negotiations. Another official also told the other that bureaucrats knew whilst the Komeito party were in coalition with the LDP, no negotiations could begin. This then shows, as NCR holds, how intervening unit-level variables dictate the pace of policy development within structural conditions.

iv. *Japanese industry*

Business strategy has played a fundamental role in Japanese policymaking for decades. Recently this has coincided with structural changes in the nuclear industry and international system to encourage a few powerful conglomerates to convince policymakers to adapt Japan’s nuclear policy.

Japan’s decision to endorse the US-India deal angered many in Japan and abroad and indeed welcoming India into the international nuclear market was one of Japan’s most controversial foreign policy decisions. Yet behind Japan’s rhetoric of bringing India out of the self-imposed diplomatic cold, commercial interests were at play. Officials did not state their intentions publicly but events since prove at least part of Japan’s justification to be economic. Indeed according to Nandakumar ‘It would not be wrong to say that Japanese companies would be the maximum beneficiaries of the Indo–US nuclear

¹⁷⁶ Author’s interview with senior official, *International Nuclear Energy Cooperation Division*

¹⁷⁷ According to Kaneko, the leader of the Social Democrats, Ms Fukushima’s husband works for an anti-Monju (nuclear plant restarted in 2010) lobby group

¹⁷⁸ Author’s interview with two junior MOFA officials, Southwest Asia Division, Tokyo, 19 May 2010

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agreement.’¹⁷⁹ As the economic downturn afflicting the West and Japan continued, the rationale for economic diplomacy has also become more acceptable to the public.

Japan’s nuclear industry is considered a key area for economic development as other production fields are subjected to falling global demand. With such an objective, the government and financial institutions such as Nippon Export and Investment Insurance and JBIC have supported the industry’s expansion.¹⁸⁰ India could still go elsewhere, namely Russia or ROK but Japan’s technology gives Tokyo the competitive edge. In particular Japan holds a near-monopoly in the production of seamless nuclear furnaces. Yet Japan appreciates that whilst they currently hold superior technology this will not last indefinitely. As Alagappa points out, Japan has learnt from the experience of high-speed rail when Japan refused to export technology to China, forcing Beijing to go to Germany instead.¹⁸¹

Japan’s business community has been fairly astute in reading Japan and India’s economic compatibility. When domestic and political support for cooperation was low, little effort was made to persuade the government, in stark comparison with present-day efforts. Following the conclusion of the US-India deal, Japanese companies awoke. According to Nayan there was in fact a Japanese delegation visiting the Department of Atomic Energy opposite the Taj Hotel in Mumbai when it was attacked in November 2008. In early July 2010 the ban on technology transfers to several Indian firms and government bodies was lifted, just two weeks after the first round of talks was held in

¹⁷⁹ Author’s interview with Nanda Kumar Janardhanan, *Energy Policy Researcher, Institute for Global Environmental Strategies, Japan*, 27 May 2010

¹⁸⁰ Nandakumar and Kumar, 'India-Japan Relations: Are There Prospects for Civil Nuclear Cooperation?', p. 976

¹⁸¹ Author’s interview with Alagappa

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Tokyo.¹⁸² Japan Steel Works (JSW) has already established an office in India through a subsidiary in the hope of expanding supply of specialist nuclear components.¹⁸³

XII. A nuclear case of Jekyll and Hyde¹⁸⁴

The conclusion of a nuclear deal, however, is not certain. Japan's nuclear policy remains plagued by fears over security and safety, prior even to Fukushima. Whilst the government appreciates the economic and political dividends of energy cooperation, policymakers and the Japanese public are acutely aware of the potential damage of nuclear technology. Japan fears theft of material, use of stolen material to build explosives as well as 'dirty bombs' and damage to peaceful nuclear power facilities. As Endo has identified, nuclear power resembles aspects of 'Dr Jekyll and Mr Hyde' if employed for military purposes under peaceful auspices.¹⁸⁵

Before Japan agrees to any deal with India, the 'three Ss' of 'safeguards, safety and security' are guiding principles. Despite the financial incentives, Japan doesn't want to be considering another 'Khan' referring to the infamous Pakistani scientist who leaked

¹⁸² Mohan, 'Japan softens on nuke deal'. Some of the 11 companies removed from the list, called the end-users' list, include the Defence Research and Development Organisation (DRDO), the Indian Space Research Organisation, PSU Rashtriya Chemicals and Fertilisers Ltd and private firm Godrej & Boyce. 'Japan moves to mend nuke fences,' *Telegraph, Calcutta*, 7 July, 2010, http://www.telegraphindia.com/1100707/jsp/nation/story_12655015.jsp (Accessed on 07/07/10)

¹⁸³ Anil Sasi, 'Japan Steel Works bullish on Indian N-reactor parts market,' *Hindu Business Line*, 7 July, 2010, <http://www.thehindubusinessline.com/2010/07/08/stories/2010070852460400.htm> (Accessed on 07/07/10); Takenori Horimoto, 'The Japan-India Nuclear Agreement: Enhancing Bilateral Relations?' *Asia Pacific Bulletin*, Number 107, 15 April, 2011, <http://www.eastwestcenter.org/fileadmin/stored/pdfs/apb107.pdf>

¹⁸⁴ Author's interview with Endo

¹⁸⁵ Tetsuya Endo, 'Two Sides of the Same Coin: Nuclear Disarmament and the Peaceful Use of Nuclear Energy,' *East Asia Forum*, June 12, 2010, <http://www.eastasiaforum.org/2010/06/12/two-sides-of-the-same-coin-nuclear-disarmament-and-the-peaceful-use-of-nuclear-energy/> (Accessed on 12/06/10). Endo was Director of the Southwest Asia Division at the time (1974). According to one academic speaking on condition of anonymity, Japan explored the possibility of India diverting material for weapons use prior to starting negotiations. Doing this would also lower India's ability to produce electricity which is said to be the major objective.

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technology to Iran and most frighteningly for Japan, North Korea. Japan is keen to maintain its international pacifist image and reliability as a promoter of non-proliferation. Japan is also keen to avoid any similar behaviour to the Toshiba CoCom scandal of the 1980s.¹⁸⁶

As a further means to achieve a reliable image, Japan has continued to place pressure on India to ensure export controls and mechanisms are tight and eventually sign the CTBT. Progress has, however, been beset by internal political disputes. Some commentators and scientists question the success of India's Pokhran tests¹⁸⁷ and argue that India should at least leave the door ajar for another test. According to Nayan the CTBT is opposed for three reasons; it is not comprehensive, not linked to nuclear disarmament and challenges sovereign rights. When during Hatoyama's visit to India in December 2009 the chattering classes were alive with debate over Singh's apparent admittance that India would not obstruct the CTBT. The caveat still remains however, that unless the US¹⁸⁸ and China sign, bringing the number of signatories closer to the required 65, India would continue to resist 'showing its hand'.¹⁸⁹

¹⁸⁶ Author's interview with senior official, *International Nuclear Energy Cooperation Division*. In 1987 it emerged that Toshiba Machine Co., a subsidiary of Toshiba Corporation, had exported screw-milling machines to the Soviet Union, which it was supposed by the US, made Soviet submarines quieter and therefore harder to detect. It emerged that Toshiba Machine Co had supplied the Soviet Union with eight computer-guided propeller milling machines between 1982 and 1984. The company had also falsified documents to obtain a licence from the Japanese government. This trade was also in violation of the CoCom (Coordinating Committee for Multilateral Export Controls) embargo, set up in the immediate post-war years. Relations with the US were placed under considerable strain as Congress voted for sanctions against the company and two senior executives were arrested. Takei has likened the Japanese government's response as one of 'a parent confining a trouble-making child at home' in order not to further anger the US who might push for measures against Toshiba Corporation or Japanese industry as a whole. Teruyoshi Takei 'CoCom and the Japanese Regulation of Exports – The Response of Japanese Companies' in Hiroshi Oda, *Law and Politics of West-East technology transfer*, Volume 1988 by Hiroshi Oda, pp. 119-131

¹⁸⁷ Rajagopalan, 'India's Nuclear Policy'

¹⁸⁸ The chance of the US signing has weakened since Obama took office with the majority of the Senate and Foreign Affairs Committee opposed.

¹⁸⁹ Author's interview with Roy-Chaudhury

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Yet even if India did agree to sign the CTBT, officials are hesitant to say whether this would change Japan's position. Such a decision by India would at least send a 'positive sign' that India is committed to non-proliferation principles. The question of whether the Treaty is ratified, however, remains.¹⁹⁰

A more feasible manoeuvre than pushing for the CTBT would be to incorporate a test-ban into Japan's cooperation,¹⁹¹ threatening to withdraw material and equipment. The technology shared will be impossible to reclaim, however, which is why policymakers in Japan are acting with particular caution. This suggestion was made in May 2010 by Perkovich and several years earlier by Kaneko.¹⁹² The likelihood of India launching another test has been dismissed by many since India can conduct atmospheric/simulation tests but appreciate that to satisfy Japan's domestic opinion, such a clause would be attractive.

The reason for the 'positive stalemate' according to Kondapalli is thus over the issue of a test ban. 'India thinks incorporating such a clause in the nuclear pact would violate its sovereignty and Japan will not likely achieve what the US failed to do'.¹⁹³ Despite

¹⁹⁰ Bagchi, 'India, Japan to hold talks on civil nuclear cooperation today'

As Gupta foresaw, 'The main issue that will require finessing within the working group will be the strength of India's recommitment to core global non-proliferation principles. While new language on adhering to the CTBT will almost certainly not be forthcoming, the Japanese side will press heavily for strong export control/non-diversion clauses.' Brown, 'Japan weighs role in India's nuclear boom'

¹⁹¹ Before leaving for his two-day visit to India, Japanese Foreign Minister Katsuya Okada said any civilian nuclear deal between the two countries needed a clause to define how Tokyo would respond to any nuclear test by Delhi. 'Japan will have no option but to suspend our cooperation'. Rupam Jain Nair, 'Japan warns India against nuclear tests,' *AFP*, 21 August, 2010, <http://www.google.com/hostednews/afp/article/ALeqM5gidySTRElq0qbJnTK9pBYeB1m5Cg>. (Accessed on 21/08/10)

¹⁹² The threat of withdrawing cooperation originated in the Hyde Pact passed by the US Senate in December 2006, which allows for the clarified some of India's promises and stated that under US law another test would result in the cessation of trade. The Act does not, however, stipulate the introduction of further sanctions on India. Then-Senator Obama voiced concern that should India test again; nuclear cooperation should not continue and pushed for several 'killer amendments' according to India in the final Hyde Act.

¹⁹³ Maya Kaneko, 'Uncertainty over tests stymies India nuclear plant', *Japan Times*, 26 October 2010, <http://search.japantimes.co.jp/mail/nn20101026a7.html> (Accessed on 26/10/10)

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stating that ‘we are ready when they are ready for it,’ India is still playing a hard diplomatic hand.¹⁹⁴ India’s moratorium remains a non-legal commitment.

XIII. The fallout from Fukushima

Japan’s faith in nuclear energy was shaken on March 11 2011 when a 9.0 magnitude earthquake struck Tohoku. Within hours a tsunami hit the east coast of Japan, killing over 15 000 civilians. The government of Japan and international attention, however soon moved to an emerging disaster at the *Dai-ichi* nuclear power plant in Fukushima. In the ensuing days and weeks, Japan’s entire energy policy, introduced just the summer before came into question. At first the government was praised for its disaster efforts but as the close relationship between utility companies and the state became evident¹⁹⁵ and officials, including Kan sent confusing messages to the public, greater faith was lost.¹⁹⁶ In an attempt to show decisive leadership, Kan called for the closure of facilities such as *Hamaoka* in Japan’s industrial zone, despite protestations from the operator, Chubu Electric and manufacturers reliant on the plant. By May Kan announced plans to ‘start from scratch’ with Japan’s energy mix plan. Forced to reword his comments as ‘personal opinion’ following criticism for not consulting his Cabinet, a statement was made soon after confirmed the reassessment.¹⁹⁷ However as evidence of differing views between the political and bureaucratic wings in Japan has surfaced, METI initially at

¹⁹⁴ P.S. Suryanarayana, ‘India, Japan focus on strategic ties’, 4 July, 2009, <http://www.hindu.com/2009/07/04/stories/2009070460941200.htm> (Accessed on 04/07/09)

¹⁹⁵ David P. Aldrich, ‘With A Mighty Hand’, *The New Republic*, 19 March 2011, <http://www.tnr.com/article/world/85463/japan-nuclear-power-regulation> (Accessed on 19/03/11)

¹⁹⁶ By July, according to one poll, just 16% of the population thought Kan was doing a good job. ‘Japan PM Naoto Kan urges nuclear-free future’, *BBC News*, 13 July 2011 <http://www.bbc.co.uk/news/world-asia-pacific-14137186> (Accessed on 13/07/11)

¹⁹⁷ Masami Ito, ‘Interim report sets new course in light of disaster, Energy policy revised to cut nuclear role’, *Japan Times*, 30 July 2011, <http://search.japantimes.co.jp/cgi-bin/nn20110730a1.html> (Accessed on 30/07/11)

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least reconfirmed Japan's intention to use nuclear power as a key energy source.¹⁹⁸

Toshiba and Hitachi announced that plans to win new orders would be pushed back but remained committed to promoting nuclear power. The Tohoku earthquake therefore represents an additional structural influence over Japanese policy but not one able to overturn other conditions and obstacles previously in place.

XIV. India's security concerns

The Indian government has long faced pressure to ensure safety and distance their actions from US influence. The US deal came at significant political cost to the ruling Congress Party¹⁹⁹ and still stirs disapproval among some groups.²⁰⁰ Within India the introduction of legislation on compensation for nuclear accidents has caused particular controversy.²⁰¹ In 'The Civil Liability for Nuclear Damage Bill' brought before the Indian Parliament in May 2010, any damages resulting from a nuclear accident lie solely on the operator (ie. the Indian government)²⁰² rather than the supplier (often

¹⁹⁸ 'Nuke power to remain key energy source: METI', *Japan Times*, 23 June 2011, <http://search.japantimes.co.jp/cgi-bin/nn20110623a8.html> (Accessed on 23/06/11)

¹⁹⁹ The opposition accused the Indian government of having bribed lawmakers. Apparently, several seriously ill members were transported from hospitals, and some jailed lawmakers were granted temporary releases. See: 'Indian Leader Wins Confidence Vote; Nuclear Deal on Track', in: *NTI Global Security Newswire*, 22 July 2008, http://gsn.nti.org/gsn/GSN_20080722_OCC129A8.php (Accessed on 15/03/11) Bardhan, the head of India's Communist Party, claimed that the rate was more than \$ 5.5 million for a vote in favour of the deal. Mira Kamdar, 'Risking Armageddon for Cold, Hard Cash', in: *Washington Post*, 7 September 2008, <http://www.washingtonpost.com/wp-dyn/content/article/2008/09/05/AR2008090502659.html> (Accessed on 15/03/11)

²⁰⁰ According to Nayan there exists a strong (though weakening) Russia lobby in India which opposes India working too closely with the 'West'. Author's interview with Rajiv Nayan, *Senior Research Associate, IDSA*, 18 February 2011

²⁰¹ Vikhas Kumar, 'Should India sign the Convention on Supplementary Compensation for Nuclear Damage?' *East Asia Forum*, 15 June, 2010, <http://www.eastasiaforum.org/2010/06/15/should-india-sign-the-convention-on-supplementary-compensation-for-nuclear-damage/> (Accessed on 16/02/11)

²⁰² Or more precisely critics say the legislation places liability for accidents on the government-run operator, the Nuclear Power Corp. of India, not private suppliers and contractors. Rama Lakshmi, 'India introduces controversial legislation on compensation for nuclear accidents,' *Washington Post*, 8 May, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/05/07/AR2010050705057.html> (Accessed on 04/07/11)

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foreign companies).²⁰³ Washington insisted that such assurance was passed before US reactor firms enter the Indian market.²⁰⁴

The timing of the bill, overlapping with the sentences of those responsible for the Bhopal disaster in 1984, heightened public anger that supplier's liability would be weakened.²⁰⁵ Eventually in late August 2010 the Lower House approved the law despite left-wing lawmakers calling the bill 'illegal', 'unconstitutional' and walking out of the chamber in protest. The government did, however, agree to triple the amount of compensation offered for accidents.²⁰⁶ Nevertheless the issue of liability continues to delay implementation.

Following the Fukushima disaster, PM Singh immediately called for a 'special safety review' and proposed sites like Jaitapur in Maharashtra were given extra safeguards after protests called for relocation of the planned reactor away from an earthquake-prone region.²⁰⁷ However as Tellis argues, 'India does not have the luxury of renouncing nuclear power'. What India can do is ensure locations and safeguards are revised but with rising oil prices impacting food prices, the urgency for alternative energy sources remains.²⁰⁸ Furthermore Fukushima was built in 1972 so cannot be compared with contemporary models. According to some Indian officials, recent events have made Japan 'even more suitable' given how well the majority of Japanese reactors

²⁰³ The bill places a compensation cap of \$100 million on the operator and allows up to \$450 million in direct damages from the Indian government.

²⁰⁴ N.V. Subramanian, 'Nuclear Deal in Trouble?', *The Diplomat*, June 18, 2010, <http://the-diplomat.com/indian-decade/page/12/> (Accessed on 18/06/10)

²⁰⁵ Rama Lakshmi, 'India introduces controversial legislation on compensation for nuclear accidents,' *Washington Post*, May 8, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/05/07/AR2010050705057.html> (Accessed on 04/07/11)

²⁰⁶ 'India parliament passes civil nuclear power bill,' *BBC News*, August 25 2010, <http://www.bbc.co.uk/news/world-south-asia-11084256> (Accessed on 04/01/11)

²⁰⁷ 'India to tighten nuclear safeguards at Jaitapur plant', *BBC News*, 27 April 2011, <http://www.bbc.co.uk/news/world-south-asia-13204923> (Accessed on 27/04/11)

²⁰⁸ Chidanand Rajghatta, 'US experts say Japan tragedy should not stop India from pursuing nuke energy options', *Times of India*, 15 March 2011, (Accessed on 15/03/11)

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fared in light of the earthquake and tsunami. Also unlike the Three Mile Incident, the cause of the crisis was due to a natural disaster. When the Indian Foreign Secretary visited Tokyo in April 2011, the nuclear deal was not raised out of good taste but Indian officials are still enthusiastic about the proposal.

XV. Additional costs of nuclear cooperation – both financial and institutional

Nuclear power generation comes at a substantial financial cost. The initial capital investment is considerable and often presents an insurmountable barrier to developing countries.²⁰⁹ According to estimates, the capital costs alone span from \$2000 to over \$8000 per kilowatt.²¹⁰ In comparison that of electricity is approximately 12-16 cents and wind power only 8-12. There are also fears that post-Fukushima the price of reactors (between \$6-9bn each)²¹¹ will increase as security provisions are heightened. The cost to non-proliferation goals is not yet known.

Japan's initial talks with India in April 2010 also coincided with an unsettling announcement from Beijing. In addition to the two nuclear reactors, Chashmas-1 and 2 already built or in process, China revealed it would lend Pakistan a further \$207m to build another two on what Pakistan has termed 'extremely concessional' terms.²¹² Beijing and Islamabad claimed the deal did not violate any international rules since it was decided prior to China joining the NSG. Pakistan also refuses to sign the NPT and accept IAEA inspection of its nuclear facilities. The majority of NSG members,

²⁰⁹ Author's interview with Endo

²¹⁰ Arjun Makhijani, 'The Unacceptable Cost of the Nuclear Power Option for Japan,' *Japan Focus*, March 13, 2008, <http://japanfocus.org/-Endo-Tetsuya/2697> (Accessed on 25/06/10)

²¹¹ Author's interview with Mark Fitzpatrick, *Senior Fellow for Non-Proliferation, IISS, London*, 15 November 2010

²¹² Geoff Dyer and Farhan Bokhari, 'China-Pakistan reactor deal to open fresh US rift,' *Financial Times*, 23 September 2010, <http://www.ft.com/cms/s/0/83db2ac8-c72d-11df-aeb1-00144feab49a.html#axzz1XDJwasdp> (Accessed on 25/10/10)

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however, feared it not only breached the guidelines but was against the 'spirit if not the letter' of the NPT.²¹³ China made no attempt to quell unease over the deal at a NSG meeting in New Zealand in June 2010, despite heavy criticism.

With Tokyo-Delhi talks running in parallel, Japan found it difficult to call China to account for reinterpreting the very rules that its ally and now own government were pursuing. The argument therefore becomes one of nuclear records. Japan's defence of a deal with India is based on India's 'immaculate' or 'impeccable' non-proliferation record which compared with that of either China (a NPT member)²¹⁴ or Pakistan (a non-signatory), permits special treatment. India has also advocated no-first-use of nuclear weapons, unlike Pakistan.²¹⁵ Tensions between Washington and Beijing continued to complicate the US willingness to stand firm against China as sanctions on Iran were due for debate at the UN Security Council and unease over the value of China's currency simmered. India was understandably concerned by this development which highlights China's 'all-weather' friendship with Pakistan, despite efforts to ameliorate Beijing-Delhi relations. Analysts believe that should the China-Pakistan deal go through, it would mark the death knell of the NPT, yet this development has not delayed progress on Japan's own negotiations with India.

²¹³ Blank, 'China puts down marker in nuclear power race'

²¹⁴ China is reported to have supplied Pakistan with both uranium and plutonium and passed onto Islamabad designs for a warhead which may have subsequently been passed onto Libya and Iran. 'Pakistan, India and the anti-nuclear rules: Clouds of hypocrisy,' *The Economist*, June 24th, 2010, <http://www.economist.com/node/16425914> (Accessed on 24/06/10)

²¹⁵ Pakistan argues that it has felt before the full force of the Indian military and can therefore not commit to such a promise.

i. *Future of the NPT*

India has made little or no progress in signing further agreements to ban tests or cut-off material trade whilst other states have increased the volume on their demands for similar treatment. Indeed no one during elite-level interviews told the author they thought India would sign the NPT. Instead India continues to argue for membership ‘as a package’ and to not be expected to different obligations from NSG members.²¹⁶ Encouraging India to sign the NPT has long been a central goal of Japan’s India-agenda. However in recent years Japanese bureaucrats have grown to appreciate that whilst India also wants a nuclear-free world, they differ in their means. The NPT was established under different structural conditions and whilst India considers Japan to be almost ‘obsessed’ with the NPT, Japan is keen to work pragmatically around the current regime.²¹⁷

XVI. Conclusions

It is somewhat ironic that the issue which once stood as the principal barrier to closer cooperation now signifies the drive behind a bilateral relationship on an upward trajectory. Historically the international structure of the nuclear market, the security of the US umbrella and Japan’s unique experience of nuclear warfare placed India’s nuclear development on the opposing end of the engagement spectrum.

²¹⁶ In June 2011 it was also anticipated that India’s membership of the NSG would be debated. Rajiv Nayan, ‘Accepting a Nuclear India’, *The Diplomat*, 5 June 2011, <http://the-diplomat.com/2011/06/05/accepting-a-nuclear-india/> (Accessed on 05/06/11)

²¹⁷ Author’s interview with Chellaney

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Japan holds a complex history with its own nuclear capability, plagued by inconsistencies. In 2010, however, Japan was unprepared to be left out of the global conversation with India. The nuclear energy context has become another arena for power politics demonstrating the importance of neo-realist power-seeking. The behaviour of states to leverage their power or more importantly, perceptions of their own power in the nuclear energy market, can be seen in how states in the region have approached India's nuclear demands.

The potential deal is significant not just for its symbolism for Japan-India relations but moreover as an example of how Japan's foreign policy strategy is evolving. As officials admit, it represents the 'fundamental changes in the way Japan looks at India. India's strategic significance now outweighs other concerns.' Japan's interests are 'multifaceted and conflicted' but demonstrate a shift in priorities wherein strategic and economic incentives override lofty principles. By 'opening the value for trade with India'²¹⁸ Japan hopes other Japanese industries will thrive in India's booming economy, facilitating greater political amity thereafter. According to one official, MOFA would have preferred to wait longer before starting talks but were forced by external actors to respond.²¹⁹ As officials admit, forging such a deal would bring about an 'unbreakable alliance' reliant on 'trust.'²²⁰

Policymakers will continue negotiations on their terms, particularly regarding safety to avoid accusations of double standards.²²¹ But as India's diplomatic hand strengthens, it is possible Japan will relinquish further on previously held principles. ROK's activism

²¹⁸ George Perkovich, 'Solving Tokyo's Nuclear Conundrum'

²¹⁹ Author's interview with senior official, *Embassy of Japan, New Delhi*, 17 February 2011

²²⁰ Ibid.

²²¹ This charge is often made against the US for its policy towards diplomatic 'friends' such as India and Israel

in the Indian market and concerning signals from Beijing provide further impetus. It is interesting to note how India is in fact placing little direct pressure on Japan, relying instead on that from other states. Yet importantly China has played a minimal role in explaining the development of Japan's response in this case, compared to US and domestic pressures demonstrating how structural influences vary according to policy.

Following events in 2011, Japan's current Ambassador Saiki acknowledged that

'Our talks on civil nuclear cooperation did slow down to some extent, I must admit....But we do recognize that we are becoming more and more dependent on nuclear energy....I do not see that there is an insurmountable problem in making progress in the talks on the Japan-India civil nuclear cooperation. I think we can do it.'²²²

Key-informants overall believe Japan will eventually create some 'clever wording' to push through an agreement. Whether or not a deal is signed is not disputed; it is the timing which is open to debate. Speaking to the author just three days before the tsunami, Chellaney believed a deal would be signed during the autumn summit meeting. China's belligerent behaviour necessitated a speeding up of action. However until a strong government is able to explain effectively to the general public the benefits, to placate domestic concern, the deal will remain under negotiation. The government also needs to demonstrate its efforts to place conditions on India. As Kondapalli argues, 'it is in Japan's interests to make negotiations sound difficult'.

Tokyo's response is not solely shaped by external structural factors. The intervening variables at play suggest that whilst politicians face a delicate balance between the domestic constituencies of big business and anti-nuclear ideologies, bureaucrats are firmly behind a nuclear deal. The extent to which Japan is prepared to savour the moral

²²² Bhaumik, 'Fukushima fallout: Japan to go slow on nuke talks with India'

high ground is called into question by Japan's unwillingness and inability to defend the NPT alone. The gap between Japan's non-proliferation rhetoric and practice seemed as distant as that seen in the US.

What remains mysterious is how the inevitability of Japan's cooperation has not been discussed earlier. Nevertheless the subject of Japan-India nuclear cooperation currently stands as the centre-piece of a broader strategy to incorporate India into Japan's diplomatic fold. In the process Japanese behaviour clarifies important drivers behind Japanese policymaking.

In the following and final case study of this thesis, the political/security aspect of current bilateral ties will be examined to answer whether increased economic and technology-transfer interaction will have little impact on strategic compatibility or whether stronger economic ties run in tandem to a close diplomatic partnership. Analysis of Japan's policy towards India has been dominated by a narrative of 'China-hedging' or 'following the US lead' in security strategy; the hypothesis the subsequent chapter will address, considering both these structural realities and unit-level influences.

8. Security Cooperation

Analysis of Japan's engagement with India has thus far concentrated on economic and nuclear fields. Yet according to the majority of literature Japan's primary interest in India lies in security strategy. The common understanding of the relationship centres on an attempt to incorporate India into regional efforts to 'contain' China or at least 'balance' its looming power. This chapter sets out to explore deeper into Japan's rationale by considering both systemic and unit-level influence on Japan's security policymaking.

After establishing formal diplomatic relations in 1952, Japan and India shared little to no military exchange. Yet a decade into the twenty-first century, exchanges of personnel are frequent and information-sharing growing. Rhetoric of shared and ambitious ideas is gradually evolving into practical, implementable policies. In contrast to Sino-US military relations, which have lagged behind other areas of cooperation, Indo-Japanese interaction has often been denser than others.

China is not considered the sole rationale for Japan's increased defence and security relationship with India. What will be demonstrated, however, is how China has accelerated efforts already in place from the turn of the century when incidents of piracy encouraged Japan's Defense Ministry to seek a more collaborative approach to the issue of maritime and energy security. Without the structural obligations for Japan to diversify its security strategy with concerns over US commitment and India's own rising profile, India's inclusion would not have occurred at the same speed. As a

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secondary stream the chapter will look at the political areas of Japan's approach, primarily through the establishment of dialogues to ease communication flows, inspire trust and promote cooperation.

Hurdles facing Japan in the security field have been greater than other spheres due to the inherently wider implications that such a partnership entails. Whilst economic links can be forged with relatively little outside impact, defence cooperation invariably draws in an outside party. In addition, in the economic sphere internal factors based on business interests play a dominant role in policy but the existence of external threats and perceived threats and China's assertive presence, drive military cooperation.

Japan's security decisions are not only made because of structural realities. In fact it is the reading of these realities by policymakers in Tokyo and Delhi which explain how policies have reached current levels. The environment has been favourable for several years yet as officials and scholars frequently lament, cooperation remains in its early stages. The following section, which pays attention to unit-level factors and their relationship with structure, will demonstrate that among the 'intervening' variables, each state holds a unique perspective, which does not always converge and domestic actors who hold differing influential weight.

In security policy the number of actors who influence procedure is narrower than for other areas of policy such as economic strategy, which as the previous chapter demonstrated, involved several parties. The limited role which Japan's Defense Ministry is able to play is evident, as is the importance of political will and political perceptions.

i. *Organisation*

The chapter opens with an assessment of the structural security issues which have largely dictated Japan's security policy towards India. The four principal systemic changes are; 1) the end of the Cold War bipolar structure and reawakening of the Indian Ocean's regional import, 2) growing threats to energy security, particularly as a result of piracy in the Gulf of Aden, 3) Chinese maritime assertiveness and 4) the parallel rise in India's military and diplomatic profile in addition to defence cooperation with Japan's close ally the US.

To follow the chapter will analyse the means through which Japan has sought to include India as a viable security partner, namely through declarations, dialogues and maritime exercises. Attention will then turn to the 'Arc of Freedom and Prosperity' (AFP) initiative of PM Abe, paying attention to the intervening factor of elite ideology and political leadership. The NCR belief in the complicating role of internal dynamics but ultimate victory of systemic conditions will be seen since promoting relations through an ideological vision were unsuited to the regional environment. Following a lacuna of fresh ideas following the AFP's demise, a new trilateral initiative is appraised as the latest approach.

The chapter then moves to intervening variables which explain in more detail the timing and nature of Japanese policy. To begin the perceptual shift in elite opinions is explored, assessing changes in India's position within the minds of Japanese strategists. Japan's 2010 NDPG are included since their release provides an opportune window into

Japanese policy-making. Whilst in security matters domestic variables are considered less significant, the role of Japan's Constitution, politicians and defence officials and importantly India's view of Japanese endeavours are appraised. The chapter then turns to the Proliferation Security Initiative (PSI), which is identified as an area of defence cooperation unable to be agreed upon before the next section of the chapter looks at the potential for further defence cooperation through the sales of arms by Japan. This option has not yet been raised in official discussions but by its very absence, deserves attention. Throughout the analysis will make evident the essential nature of structural imperatives in driving Japan's defence policy towards India whilst highlighting the limitations and obstacles which domestic-level influences play.

ii. *Theoretical considerations*

In the tradition of realism, systemic necessities provide the primary window through which policy decisions are made. However in a move aside from pure structural realism, NCR upholds the importance of domestic actors in determining the application of policy goals within this environment. In security policy structural realities play a larger role than other areas but the perception of a state's relative capability and how these 'realities' affect a state remains an important qualifier for how policy is formulated. Unit-level impulses alone could not bring relations to their current state and on occasion have only delayed the prevalence of structural forces.

I. Early years of cooperation

Much of the military distance between Japan and India during the twentieth century can be explained by the Cold War structure. Following Japan's post-war adoption of pacifism, Japan's armed forces were drastically reduced.¹ Japan's security strategy was firmly framed within US' priorities in Asia which centred round controlling the perceived threat from the Soviet Union. Japan's attention, particularly in the naval sphere, concentrated on the Western Pacific and the Soviet Union's East Fleet at Vladivostok. In order to monitor and detect submarines in the Sea of Japan, Japan focused resources on developing highly capable surveillance ships.² The JSDF were aware of the strategic importance of the Indian Ocean but were limited in their capacity.³ Until 1971 the British Navy in Singapore was also a reliable supervisor of the waters.

As the world adjusted away from bipolarity during the 1990s, Japan gradually reassessed the strategic value of the 'eastern' seas. In the 1980s some limited exchanges and information sharing began and in 1995 two MSDF ships visited India, followed later the same year by two Indian Naval warships.⁴ However it was only after several high-profile pirate-hijackings of Japanese vessels that Tokyo began to look specifically to India for cooperation. Though 'piracy' itself is not a structural condition, the issue has provided a constructive means through which to identify potential cooperation should larger-scale emergencies develop.

¹ Under the newly adopted Constitution, Japan agreed to renounce war and to not maintain 'land, sea and air forces'. However, the *Jieitai* (Japan Self-Defence Forces) were formed soon after the end of US Occupation (in 1954) and have since become one of the more advanced forces in the world.

² Author's interview with Tetsuo Kotani, *Research Fellow, Ocean Policy Research Foundation* 10 June 2010

³ *Ibid.*

⁴ Vijay Sakhuja, 'Indo-Japanese maritime security cooperation', *Strategic Analysis*, 24: 1, (2000), p. 189

II. Threats at sea

The initial motivation for Japan-India defence cooperation can be sourced from a threat shared by virtually all sea-faring states; piracy.⁵ The turn of the twenty-first century witnessed a sharp increase in the number of cases, particularly in Southeast and Southwest Asia. According to MOFA in 2000 65% of cases were in these regions with the overall number rising from 188 in 1995 through to 300 in 1999 and 469 in 2000. The number involving armed pirates also rose⁶ and Japan itself experienced several hijackings.⁷

India's potential role in combating this threat was first realised in 1999. In October the Japanese-owned 'MV Alondra Rainbow', flying a Panama flag⁸ went missing after leaving the Indonesian port of Kuala Tanjong. The ship was renamed, given a new flag and half the cargo of aluminium ingots valued at over \$14m was lost.⁹ Following international appeals to locate the vessel, the Indian Coast Guard and Navy coordinated

⁵ Piracy, according to the Convention on the Law of the Sea involves 'any illegal acts of violence or detention or any act of depredation, committed for private ends...directed: (i) on the high seas, against another ship or aircraft, or against persons or property on board such ship or aircraft, (ii) against a ship, aircraft, persons or property in a place outside the jurisdiction of any State.' 'Definition of piracy', *Preamble to UN Convention on the Law of the Sea*, Part VII, Article 101, http://www.un.org/Depts/los/convention_agreements/texts/unclos/part7.htm

⁶ 'Present State of the Piracy Problem and Japan's Efforts', *Ministry of Foreign Affairs, Japan*, December 2001, <http://www.mofa.go.jp/policy/piracy/problem0112.html>

⁷ These included Alondra Rainbow (1999), Tenyu (1998), Global Mars (2000) and Arbey Jaya (2001) Pranamita Baruah, 'Japan's Response to Sea Piracy', 30 March, 2009, *IDSAs Strategic Comment*, http://www.idsa.in/idsastrategiccomments/JapansResponsetoSeaPiracy_PBaruah_300309 (Accessed on 30/04/09)

⁸ The majority of Japanese ships fly the Panama flag as a 'flag of convenience' to avoid Japanese regulations.

⁹ Commodore RS Vasan IN(Retd), 'Alondra Rainbow revisited, A Study of related issues in the light of the recent judgment of Mumbai High Court', *South Asia Analysis*, Paper No. 1379, 13 May 2005, <http://www.southasiaanalysis.org/%5Cpapers14%5Cpaper1379.html> (Accessed on 30/04/09)

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efforts to apprehend the ship and tow it to Mumbai.¹⁰ The crew were later rescued in Thailand.

As the first such case in Indian waters, the Indian authorities received international praise for their actions. Japan echoed this admiration and quickly began to seek ways of engaging with their Indian counterparts. Prior to the 9/11 attacks on the US and awakening of the world to terrorism threats therefore the MSDF asked MOFA to contact India to initiate discussions on sea-lane protection and invited the Indian Coast Guard to participate in 'search and rescue' operations.¹¹ It has often been assumed that Japan's actions came as a direct result of US pressure following the Al Qaeda attacks. But in fact as a result of an atmosphere of anti-piracy collaboration, after forty-eight years of relations, the first official exchange of perspectives between Japan and India was held in January 2001 when India's Defence Minister Fernandes visited Tokyo. Both Japan and India realised their structurally shared interests in securing the seas.

i. *Sea Lanes of Communication (SLOC)*

Sea lanes are vital arteries for world trade with 90% of global commerce transported via the sea.¹² The Indian Ocean Region (IOR) in particular is an arena of great significance. The world economy depends on the security of these passageways as approximately two

¹⁰ The Indonesian pirates were later acquitted in 2005 by the Mumbai High Court.

¹¹ 'Present State of the Piracy Problem and Japan's Efforts.' Soon after hosting two international anti-piracy conferences, Japan signed a number of agreements to conduct anti-piracy training with foreign partners. In November 2000 deals were closed with India and Malaysia, with the Philippines and Thailand in 2001 and with Brunei and Indonesia and India again in 2002, with the Philippines and Singapore in 2003 and with Thailand once more in 2004. Baruah, 'Japan's Response to Sea Piracy'

¹² Author's interview with Kazumine, Akimoto, *Rtd. Rear Admiral JMSDF, Senior Research Fellow, Ocean Policy Research Foundation* 22 June 2010. OPRI is a think tank supported by the Nippon Foundation and under the direction of the Transportation Ministry. The focus is primarily around maritime security issues.

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thirds of world trade and 60% of global oil and gas transits through the region, mostly from the Persian Gulf.

As maritime terrorism/insurgency has increased and awareness of depleting resources has grown, energy security has become a central objective of several states. In 2000 the *USS Cole* was subjected to maritime attack¹³ and in 2002 Al Qaeda threatened to target the 'economic lifelines of the US and its allies, most of whom are major industrialised economies.'¹⁴ At the time few deemed the group capable of implementing such a strike but concern grew as to the vulnerability of the shipping industry to attack. When India was attacked by insurgents who came from the sea in the port-city of Mumbai in November 2009, awareness of the threat from the sea was confirmed. The utility of greater state interaction rose in policymakers' perceptions.

ii. *Japan's maritime concerns*

As a maritime nation dependent on naval trade, Japan is acutely aware of the imperative of energy and maritime security. Indeed Japan relies on the surrounding waters for its very survival. With little arable land, mineral resources and a reliable energy supply, Japan is reliant on imports, which necessitates safe shipping. More than 70% of supplies are imported via the sea, a figure expected to rise to 85% by 2025.¹⁵ Oil (99%),

¹³ On 12 October 2000, the US destroyer was attacked when visiting the port of Aden in Yemen for a route fuel-stop. A total of 17 sailors were killed and another 39 injured. Al Qaeda claimed responsibility for the attack but the Sudanese government was also accused. The event came as a wake-up call to the US administration of the threat of terrorism, prior to 9/11 a year later.

¹⁴ Gurpreet S Khurana, 'Security of Sea Lines: Prospects for India-Japan Cooperation', *Strategic Analysis*, Vol. 31, No. 1, Jan-Feb 2007, http://www.idsa.in/strategicanalysis/SecurityofSeaLinesProspectsforIndiaJapanCooperation_gskhurana_0107 (Accessed on 18/02/11)

¹⁵ *Ibid.*

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liquefied natural gas (96%), iron ore (100%) and copper (96%) are all sourced abroad.¹⁶ Japan also dominates the global ship-owning market with, according to 2009 figures, 30% of world tonnage.¹⁷ The Indian Ocean as Kaplan describes, is therefore ‘a vast web of energy trade’, which necessitates Japanese attention. In December 2004 within a review of defence policy, Tokyo officially recognised that ‘securing the sea lanes is crucial to [Japan’s] prosperity and development’.¹⁸ As Graham argues, an ‘ingrained perception’ of vulnerability and dependency regarding access to vital resources pervades policymaking. The ‘war of the *maru*’ during the Pacific War also resonates strongly with officials.¹⁹

iii. *Indian maritime unease*

India too has a far-reaching history with the ocean given its geographical location and long border with the sea to the east, west and south. India holds almost 8000km of coastline, an EEZ of over two million square kilometres and maritime boundaries with seven countries. Whilst India has some natural resources, the majority of India’s trade (97%) is conducted via the sea.²⁰ Attention to these waters has thus been a feature of Indian defence strategy for centuries.

¹⁶ Euan Graham, ‘*Japan’s sea lane security, 1940-2004: a matter of life and death?*’ (London: Routledge, 2006), p. 1

¹⁷ ‘Shipping fleets: Reviewing the fleets, Greece and Japan dominate shipping, but not under their own flags’, *The Economist*, 9 December 2009,

http://www.economist.com/node/15060106?fsrc=rss&story_id=15060106 (Accessed on 09/12/09)

¹⁸ Graham, ‘*Japan’s sea lane security, 1940-2004: a matter of life and death?*’, p. 1

¹⁹ *Ibid.* p. 4

²⁰ This is due to topographical issues as well as political tensions with bordering states according to Gupta and Khurana, ‘Security of Sea Lines: Prospects for India-Japan Cooperation’

iv. *Piracy in the Gulf of Aden – Japanese and Indian responses*

For many years littoral states have faced the challenge from piracy, particularly around the Strait of Malacca, seen as one of the world's primary 'choke-points'.²¹ Japan has proactively engaged in countering piracy in the region with notable success.²² The new concern, however, emanates geographically far from Japan in the Horn of Africa.

Piracy around the Gulf of Aden is a relatively new phenomenon. However its reappearance as an international threat capable of causing financial and humanitarian costs on states across the world was brought into focus in 2008.²³ During the course of this year there were 111 attacks, including 42 successful hijackings, a figure which rose sharply in 2009.²⁴ As the proliferation of incidents came to the attention of governments, both Japan and India as seafaring states joined international efforts.²⁵

²¹ There are five chokepoints in the Eurasian maritime world: Malacca/Singapore, Sunda, Lombok and Makassar, South China and East China. The four major hub ports are Singapore, Hong Kong, Kaohsiung and Pusan, Kazumine Akimoto, 'The Current State of Maritime Security – Structural Weaknesses and Threats in the Sea Lanes', *The South China Sea, Paper prepared for the conference on 'Maritime Security in Southeast Asia and Southwest Asia'*, Institute for International Policy Studies, Tokyo, 11-13 December 2001, http://www.southchinasea.org/docs/Akimoto_paper-Sealanes%20and%20security.pdf, p. 3 As the shortest sea route between the Persian Gulf and Asia the Strait carries a significant proportion of the world's seaborne trade. Approximately 50 000 ships (a quarter of the world's shipments) are said to travel through the Strait representing the 'Achilles' tendon' of the world economy. VADM Hideaki Kaneda, 'Trilateral Maritime Security Partnership for Broad Maritime Security Coalition' *CSIS*, (2008), http://csis.org/files/media/csis/pubs/090201_bsa_kaneda.pdf p. 2

²² In 2006 Japan donated a training vessel to the Malaysian Maritime Enforcement Agency (MMEA) before in June 2006 donating three patrol boats to Indonesia. Two years later Japan provided a grant of \$4.2 million to Malaysia to modernise its surveillance system in the Malacca Strait and by 2011 had donated over \$16 million in ODA for this purpose. 'Handover of Equipment for Maritime Security Enhancement', *Embassy of Japan in Malaysia*, (2011), <http://www.my.emb-japan.go.jp/English/ODA/grant%20aid%20maritime/21032011.htm>

²³ The International Maritime Bureau recorded 34 attempted and successful acts of piracy in the region in 2007, compared to only 2 in 2004. 'Piracy: Peril on the high seas', *The Economist*, 23 April 2008, http://www.economist.com/research/articlesBySubject/displaystory.cfm?subjectid=7933596&story_id=11079332 (Accessed on 23/04/08)

²⁴ 'Pirates Hijack Two Tankers Within 24 Hours off Somali Shore', *Associated Press*, 26 March, 2009, <http://www.foxnews.com/story/0,2933,510766,00.html> (Accessed on 26/03/09)

²⁵ China had also temporarily abandoned pledges not to interfere in the affairs of other countries by deploying two navy destroyers and a supply vessel to protect Chinese ships and deliver humanitarian aid in December 2008. Rear Admiral Du Jingcheng, noted in the *China Daily* that the deployment marked a new chapter for the PLA Navy, which had previously concentrated on coastal waters.

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The first order from Japan to dispatch ships to the Gulf of Aden came after months of debate and three shootings by pirates on Japanese vessels.²⁶ In March 2009 Japan sent the *Sasanami* and *Samidare* destroyers to defend Japanese ships but this was soon extended to defend any nationality and be able to use arms as a precaution against pirate boats approaching their vessels.²⁷ Despite some internal disagreement over Japan's constitutional ability to deploy the SDF, the two dominant ruling parties agreed on the necessity of counter-piracy measures along Japan's trade routes.

India's turning point came in September 2008 when an incidentally Japanese tanker,²⁸ *Stolt Valor* carrying eighteen Indian crew-members, was attacked and taken to the Somali coast.²⁹ Another attack two months later resulted in *INS Tabar* intervening. An Indian warship has remained in the Gulf of Aden ever since. According to the Indian Navy between October 2008 and January 2011, 1603 ships with both Indian and foreign flags were aided by Indian maritime forces.³⁰ India ships \$50bn of imports and \$460bn of exports through the route and with a seafaring community of 100 000 representing 6% of global mariners, also has a direct stake in the safety of the region.³¹

Patrolling waters has been problematic for states. Whilst trans-border threats have grown, what has been termed a 'barrier of sovereignty' has dissuaded coastal states from collaborating in fear of threatening their own sovereignty. Thus as Akimoto notes, since the seas are an 'international space' with no overarching security architecture no

²⁶ 'Japan to deploy ships off Somalia', *BBC News*, 28 January 2009, <http://news.bbc.co.uk/1/hi/7855120.stm> (Accessed on 28/01/09)

²⁷ Baruah, 'Japan's Response to Sea Piracy'; Masami Ito, 'Antipiracy, gift tax bills enacted', *Japan Times*, 20 June 2009, <http://search.japantimes.co.jp/cgi-bin/nn20090620a2.html> (Accessed on 20/06/09)

²⁸ Many of these Japanese ships employ an Indian crew, further uniting interests.

²⁹ Nitin Gokhale, 'India Takes Fight to Pirates', *The Diplomat*, 19 April, 2011, <http://the-diplomat.com/2011/04/19/india-takes-fight-to-pirates/> (Accessed on 20/04/11)

³⁰ *Ibid.*

³¹ *Ibid.*

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state alone can fully monitor activity and the area becomes vulnerable to geopolitical competition.³² Indeed the issue of piracy points to a wider development which has seen the maritime sphere become another arena for states to demonstrate their power to others.

v. *An excuse for power-posturing?*

The sea-lanes are vital channels for both Japan and India. Chellaney has gone so far as to say that they are the 'most vulnerable to any disruption of oil supplies from the Persian Gulf region'.³³ However this has not fed into competition, rather cooperation. As the maritime, not continental field has become the centre of power dynamics in Asia,³⁴ both states have used the piracy issue as a means through which to improve their military profile. Japan's Coastguard for example has pointed to the need to secure the Japanese archipelago to push for increased budgets and policy influence.³⁵ This argument is particularly associated with Samuels who points to the expansion of the JCG budget as an indirect way to strengthen Japan's capabilities.³⁶ Emmott also noted that the 2001 law granting the JCG permission to use force to prevent maritime intrusions was 'not just because of the risk of piracy, or because Japan is comprised of a large archipelago. It is because the ownership of some of the most distant of its islands is disputed with China and because naval power is expected by defence planners to be

³² Kazumine Akimoto, 'Japan's Contribution to the Safety of Sea Lanes', *Dispatches from Japan, MOFA*, Vol. 5, 2008, <http://www.mofa.go.jp/dispatches/vol05/perspectives.html>

³³ Chellaney and Horimoto, 'Japan-India Links Critical for Asia-Pacific Peace and Stability'

³⁴ Evan Feigenbaum, 'Continental and maritime in US-India relations', *East Asia Forum*, 21 November 2010, <http://www.eastasiaforum.org/2010/11/21/continental-and-maritime-in-us-india-relations/> (Accessed on 21/11/10)

³⁵ Under current strategy, the JMSDF can defend SLOCs to a distance of 1,000 nautical miles (nm) from Japanese land but this extends no further than Taiwan in the southwest direction. Khurana, 'Security of Sea Lanes: Prospects for India-Japan Cooperation'

³⁶ For a detailed analysis of the expansion of the JCG, see Richard Samuels, 'New Fighting Power! Japan's Growing Maritime Capabilities and East Asian Security', *International Security*, Vol. 32, No. 3 (Winter 2007/08), pp. 84-112.

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the principal conventional means by which Asia's great powers compete and flex their muscles.'³⁷ For Graham, 'piracy is more of an "irritant" to the global maritime transportation system than a system threat'. However its prevalence has stirred considerable elite attention in Japan and provided some rationale, enabling pro-naval advocates to defend their budgetary claims. The sea around Japan is also its 'strategic shield' which in the face of other regional threats discussed below, requires policymakers' attention.

Given the shared interests in the security of SLOC, Japan and India have begun to work closely together. In 2006 the two coastguards signed a Memorandum on Cooperation after Minister Ishikawa's visit³⁸ which was upgraded in November 2009 when Defence Ministers Antony and Kitazawa met in Tokyo. Efforts to establish the Defence Action Plan suggested the previous year were also hastened. According to the joint statement issued, both governments were determined 'to take forward bilateral defence exchanges and cooperation in a meaningful way.'³⁹ A month earlier the India-Japan Maritime Security Dialogue was inaugurated and before the close of the year, during Hatoyama's December visit the two countries agreed on a '2+2 dialogue' between both Foreign and Defence Ministers.⁴⁰ By 2010 relations had intensified further. Previously both India and Japan operated independent missions along the Gulf of Aden to avert the piracy threat but from 2010 agreed to 'exchange...information on the escorting schedules' to

³⁷ Emmott, *Rivals*, p. 12

³⁸ Manasi Kakatkar-Kulkarni, 'Japan-India to increase cooperation in anti-piracy operations', *Foreign Policy Blogs*, 9 November, 2009, <http://india.foreignpolicyblogs.com/2009/11/09/japan-india-to-increase-cooperation-in-anti-piracy-operations/> (Accessed on 09/11/09)

³⁹ 'Joint Statement', *Ministry of Defence*, 9 November 2009, <http://www.mod.go.jp/j/approach/exchange/pdf/india03e.pdf>

⁴⁰ 'India and Japan talk terror and piracy', *Neptune Maritime Security*, 6 July 2010, <http://neptunemaritimesecurity.posterous.com/india-japan-talk-terror-and-piracy> (Accessed on 06/07/10)

improve efficiency.⁴¹ This move demonstrated the deepened trust between navies, to which the piracy factor had contributed.

III. The role of China

Transnational threats by non-state actors aside, China's military capabilities have also influenced the formation of policy. In security matters India's utility to Japan is framed in the structural reality that China's increasingly aggressive diplomacy compromises Japan's interests. According to some more hawkish commentary, Japan's interest stemmed purely as a result of China's rise. As the previous chapters have demonstrated, however, Japan's engagement with India has been multifaceted. Nevertheless in the security domain, China's structural existence has represented a key determinant.

i. China's growing presence at sea

The threat or 'perceived' threat from China's military has been a relatively recent addition to the complicated Sino-Japanese relationship. As Chapter 3b detailed, China's armed forces have modernised considerably so that China's navy is considered the third largest in the world after Russia and the US. China recognises the strategic value of a skilled maritime force so has dedicated considerable amounts of their modernisation programme to this aim. In addition according to Kaplan, China is more able to exert its naval strength due to the relative security of its land borders.⁴² When China paraded for

⁴¹ P.S. Suryanarayana, 'Quiet approach', *Frontline*, Vol 27, Issue 12, June 2010, <http://www.frontlineonnet.com/fl2712/stories/20100618271205300.htm> (Accessed on 22/06/10)

⁴² Robert Kaplan, 'Q&A with Robert Kaplan on China', *Foreign Affairs*, 7 May 2010, <http://www.foreignaffairs.com/discussions/interviews/qa-with-robert-kaplan-on-china?src=tw> (Accessed on 07/05/10)

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this first time their nuclear-powered submarines during 60th anniversary celebrations in 2009, China's neighbours were delivered a strong message.

ii. *China's willingness to exert its power*

Chapter 3b recounted a number of instances of assertiveness on the part of China, including those directed towards Japan over the Senkaku/Diaoyu islands. Among the first awakenings by Japan of the military implications of China's economic growth, however, came in 1992 when China claimed the East China Sea as part of their territorial waters, which could thus host maritime research. In 2000, Japan noted with alarm the Chinese *Haibing-723* crossing through the Tsushima and Tsugaru Straits, ostensibly investigating the Japanese military.⁴³ Japan's Defense White Papers have hence made increasingly frequent mention to China. In 2004 Japan criticised China's lack of transparency and in 2006 raised concerns about airpower development, especially in intelligence operations.⁴⁴

The dispute over the exploration of the Chunxiao/Shirakaba oil and gas fields in the East China Sea has also continued to rumble.⁴⁵ In 2008 the two governments agreed to joint exploration but since 2003 China has allegedly begun unilaterally extracting oil.⁴⁶

⁴³ 'East Asia Security Review', *National Institute for Defence Studies*, Tokyo, (2001) pp. 153-155 cited in Rajaram Panda, Shamshad A.Khan and Pranamita Baruah, 'As Dragon flexes muscle, the Rising Sun goes defensive', *Issue Brief, IDSA*, 9 September 2010, <http://www.idsa.in/issuebrief/AsDragonflexesmuscletheRisingSungoesdefensive> (Accessed on 10/09/10)

⁴⁴ *Ibid.*

⁴⁵ Bijoy Das, 'Relevance of an East China Sea dispute to India', *IDSA Comment*, 24 March, 2011, <http://www.idsa.in/node/7088/2650> (Accessed on 24/03/11). Chinese estimates put the size of Chunxiao at 22,000 square km² and its net reserves at 70 bn cubic metres³ of oil and natural gas. Other, more liberal, estimates provide a much higher range.

⁴⁶ Chunxiao lies just halfway between the two countries, dividing their exclusive economic zones in the East China Sea. Despite Japan's protests that China is taking Japanese oil, China's defends itself saying it has just been conducting maintenance.

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According to reports, China has already laid a seabed pipeline connecting an exploration site at Chunxiao.

A number of more recent provocative incidents have also unsettled policymakers. Chapter 3b noted the dispute over the Senkaku/Diaoyu islands but before then in early April during Chinese training exercises, Japan claimed a Chinese helicopter flew to an altitude of 30 metres nearby the MSDF destroyer *Suzunami*.⁴⁷ Two days later a fleet of ten Chinese naval ships, including two submarines, three frigates and three destroyers sailed between the Okinawa and Miyako islands.⁴⁸ On April 13 a Chinese destroyer aimed its rapid-fire guns at a Japanese MSDF P-3C plane, assumedly to demonstrate China's ability to shoot down such aircraft.⁴⁹ Once again in July 2010 a Chinese flotilla passed close by Okinawa.⁵⁰ By August 2011 Japan again warned of China's naval activities 'beyond its neighbouring waters',⁵¹ followed by a Chinese response of 'strong dissatisfaction' with the 'irresponsible' defence report.⁵²

iii. *India's response*

In part fortuitously for Japan, India has also been unsettled by China's actions. Since China represents a structural influence on Japanese policymaking according to NCR, this influence is also felt by others in the region, including India. Whereas previously

⁴⁷ 'NIDS China Strategy Report', *The National Institute of Defence Studies, Japan*, (March, 2011), http://www.nids.go.jp/english/publication/chinareport/pdf/china_report_EN_4C_A01.pdf p. 22

⁴⁸ Kakatkar-Kulkarni, 'Japan-India to increase cooperation in anti-piracy operations'

⁴⁹ James Kraska, 'China Set for Naval Hegemony', *The Diplomat*, 6 May, 2010, <http://the-diplomat.com/2010/05/06/china-ready-to-dominate-seas/> (Accessed on 06/05/10)

⁵⁰ 'Chinese flotilla slips by Okinawa', *Japan Times*, 5 July 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100705a5.html> (Accessed on 05/07/10)

⁵¹ 'Japan warns of rise in China's naval activities', *BBC News*, 2 August 2011, <http://www.bbc.co.uk/news/world-asia-pacific-14368665> (Accessed on 02/08/11)

⁵² 'China angered by Japan's defence paper warnings', *BBC News*, 4 August 2011, <http://www.bbc.co.uk/news/world-asia-pacific-14398647> (Accessed on 04/08/11)

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similar security concerns have been minor, India's apprehensions have coincided with those of Japan, opening the possibility for greater relations. Common threats have therefore made policymakers deem it 'logical' for Japan and India to work together. Japan and India's 'strategic geography' has dictated in large part the policies each state adopts to ensure its own security thus again demonstrating the primary of structure, which NCR proposes.⁵³ India and Japan do not share operational theatres, with India concerned primarily with the Indian Ocean whilst Japan looks at Northeast Asia.⁵⁴ However as Patalano states, 'they [both] might not like what they've both got in between each other'.⁵⁵ Japan is particularly keen to work with India as after years in the 'international cold', India has made substantial inroads into the global community, particularly in the field of defence.

IV. India's widening defence profile

Japan is already an established naval power, considered the best operating in the region after the US. India's maritime capability is still developing but increasingly strategists are noting the potential utility of India's geographic location. In 2003 India provided naval escorts to commercial ships travelling through the Strait of Malacca and following the Asian tsunami on December 26 2004, India deployed its largest humanitarian relief operation outside territorial waters.⁵⁶ India's strategic consequence has also increased with India's accession to the ASEAN Treaty of Amity and Cooperation in South East

⁵³ Strategic geography is defined by Graham as the influence on a nation's defence and foreign policy, as well as its threat perceptions, results from its geographic location relative to the global distribution of resources and military capabilities. Graham, *Japan's sea lane security, 1940-2004: a matter of life and death?*

⁵⁴ As Nishihara told the author, 'Af/Pak' is also a concern for Japan who fears the time and money invested in the region rather than the Korean Peninsula. Author's interview with Masahi Nishihara, *President RIPS, former President of National Defense Academy* 26 May 2010

⁵⁵ Author's interview with Patalano

⁵⁶ Chellaney and Horimoto, 'Japan-India Links Critical for Asia-Pacific Peace and Stability'

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Asia in 2003 and participation in the ARF. By 2009 India succeeded in building INS *Arihant*, the nation's first nuclear-powered submarine, a possession only held by five other countries.⁵⁷ These developments are not considered a threat to Japan but rather an opportunity, which has been evident to Indian defence personnel who have noted a change in the manner of their reception abroad.⁵⁸

After years of non-alignment, India has become aware of the urgency in modernising its military and begun to heavily invest. In 2010 India's defence spending fell to its lowest level since 1962 after years of corruption scandals and bureaucratic under-spending but expenditure remains moderately high at 3% GDP.⁵⁹ In 2001, no doubt in part due to China's more threatening behaviour the previous year, India's spending rose by 11.6%⁶⁰ and in 2004 India published its first 'maritime doctrine'.⁶¹ This was welcomed by India's strategic community who have long lamented India's declining budget as its economy and prowess has grown. India's military has for many years been thwarted by continued inter-service rivalry and poor communication. According to one strategist, 'With policymakers in Delhi far removed from the nation's sea frontiers there is a poor understanding of maritime issues'.⁶² In addition to military spending, however, Delhi has sought to tentatively expand its relations with other states, acquire 'longer-legs' and pay greater attention to more distant neighbours, including Japan.

⁵⁷ Harsh V. Pant, 'Who will rule the waves?' *Japan Times*, 9 August 2009, <http://search.japantimes.co.jp/cgi-bin/ea20090807a1.html> (Accessed on 09/08/09)

⁵⁸ As one example when a delegation from IDSA visited Japan in March 2011 they were met by the Rear Admiral, when visiting a ship in Yokohama. This was interpreted as evidence of the importance Japan's Defence Ministry places on relations with India. In 1989 when the Indian Defence Minister visited Japan he was not permitted to meet his counterpart, but rather the Japanese Permanent Secretary. Author's interview with Sisodia

⁵⁹ Harsh V. Pant, 'India's defence policy arrives at the crossroads for best buys', *Japan Times*, 20 December, 2010, <http://search.japantimes.co.jp/cgi-bin/ea20101220a1.html> (Accessed on 20/12/10)

⁶⁰ Sanjeev Miglani, 'With an eye on China, India steps up defence spending', *Reuters*, 28 February 2011, <http://www.reuters.com/article/2011/02/28/india-budget-military-idUSSGE71R02Y20110228> (Accessed on 28/02/11)

⁶¹ Harsh V Pant, *China's Rising Global Profile: The Great Power Tradition*, (Eastbourne: Sussex Academic, 2011), p. 63

⁶² *Ibid.*

Japan is not the only country with whom the Indian Navy is expanding activities. In 2004 warships visited ports in Australia, Indonesia, Singapore and Vietnam,⁶³ several African maritime countries in August 2010⁶⁴ and now holds Defence Cooperation Agreements with over thirty countries. In addition India is also engaging in dialogues with ROK. In recent years Beijing and Seoul have enjoyed healthy relations but China's lukewarm response to North Korean belligerence has encouraged Seoul to look elsewhere. India according to Pant, has long been interested in ROK's advanced ship-building technology⁶⁵ and in 2010 Defence Minister Antony made the first-ever visit of this level to sign two MOUs.⁶⁶ These encompassed the exchange of information, experience and personnel. The decision to pen these five-year agreements cannot entirely be attributed to short-term message-making towards China since such measures take a considerable amount of bureaucratic energy to conclude but momentum certainly hastened the process.⁶⁷

⁶³ According to Gokhale, 'There are two main reasons for 'India's courting of Vietnam. One is that both India and Vietnam have had experience bearing the brunt of Chinese aggression – India in 1962, and Vietnam in 1979. More recently, the collapse of the Soviet Union – long a security guarantor for both India and Vietnam in Asia – left Delhi and Hanoi without their all-weather, all-powerful friend... This shared experience, and the fact that they both have longstanding territorial disputes with China, has nudged them together to unite against their common adversary.' Nitin Gokhale, 'India's Quiet Counter-China Strategy', *The Diplomat*, 16 March, 2011, <http://the-diplomat.com/2011/03/16/india%E2%80%99s-quiet-counter-china-strategy-2/> (Accessed on 18/04/10)

⁶⁴ 'Indian warships on goodwill visit to Africa', *The Hindu*, 20 August, 2010, <http://www.thehindu.com/news/national/article583972.ece> (Accessed on 20/08/10)

⁶⁵ Pant, 'Rise of China prods India-ROK ties'

⁶⁶ 'India, ROK ink two MOUs to boost defence cooperation', *Economic Times*, 3 September, 2010, http://articles.economictimes.indiatimes.com/2010-09-03/news/27603226_1_defence-products-defence-cooperation-mous (Accessed on 03/09/10)

⁶⁷ Author's interview with Kondapalli

V. Impact on Japanese policy

Japan's response to these developments can clearly be seen in Japan's defence policy. Japan's NDPG in particular shows how China's presence has altered Japanese security policy and where India is positioned.

Japan's military posture has gradually adjusted since the 1990s due in large part to changes in the structure of the security environment. The initial impetus to reassess defensive thinking came following the first Gulf War when Japan was internationally criticised for offering merely 'chequebook diplomacy.' China and North Korea's missile development, hardening positions towards Pyongyang after uncovering of the Japanese abductees' story and post 9/11 US-led 'war on terror' have all contributed to an increased realism on the part of the Japanese public and policymaking circles. Following petitioning from Washington, Prime Minister Koizumi agreed to send ground troops abroad as part of the Iraq reconstruction project in 2003, despite considerable domestic opposition. The Japanese Diet also enacted a law in May 2008 to explore the potential of defensive space equipment such as satellites.⁶⁸ This move departed from Japan's former 'non-military' approach following a 1969 Diet resolution to simply 'non-aggressive' missions.

The impact of China's military modernisation, particularly over limited transparency, has encouraged perception-guided policy in Japan.⁶⁹ With the additional structural

⁶⁸ Maeda Sawako, 'Transformation of Japanese Space Policy: From the 'Peaceful Use of space' to 'the Basic Law on Space,' *The Asia-Pacific Journal*, Vol. 44-1-09, 2 (November, 2009), <http://www.japanfocus.org/-Maeda-Sawako/3243>

⁶⁹ Shubhajit Roy, 'India, Japan share notes on China Army build-up', *Indian Express*, 14 September 2010, <http://www.indianexpress.com/news/india-japan-share-notes-on-china-army-build/681228/> (Accessed on 15/09/10)

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factor of a perceived declining US presence, heightened interest in India has followed. According to scholars, Japan's MSDF are overstretched and need a new partner beyond the Malacca Strait.⁷⁰ For decades Japan has depended on the US but with ongoing calls on the US military in Afghanistan and the Middle East and pressures on the US defence budget, Japan has begun to question the US' long-term commitment. Even US Defense Secretary Gates noted in May 2010 that 'the virtual monopoly the US has enjoyed with precision guided weapons is eroding — especially with [the Chinese development of] long-range, accurate anti-ship cruise and ballistic missiles that can potentially strike from over the horizon.'⁷¹ Japan has already established cooperation with Singapore, Indonesia and Malaysia along the Malacca Straits but in the Indian Ocean, India is considered 'the only country with a reliable navy'.⁷²

Diplomats and politicians admit openly that Japan's biggest diplomatic challenge is 'how to deal with China's rise'. With this in mind, the influence which China exudes on policy towards India is understandable. Successive Prime Ministers make early claims to seek engagement but soon position China as a key foreign policy concern.⁷³ As one Ambassador to India noted, as the sixtieth anniversary of the end of hostility drew near, officials and political leaders became increasingly keen to draw a line under previously deferential relations and take a more proactive stance.

⁷⁰ Author's interviews with Kotani and Izuyama

⁷¹ Secretary Robert Gates' comments cited in Michael Richardson, 'China's navy changing the game', *Japan Times*, 13 May, 2010, <http://search.japantimes.co.jp/cgi-bin/eo20100513mr.html> (Accessed on 13/05/10)

⁷² Former Ambassador Enoki cited in Satu Limaye, 'Japan and India after the Cold War', p. 225

⁷³ Furthermore, as Dujarric argues, 'every minister since Koizumi wanted to engage with China'. Author's interview with Dujarric

VI. The development of defence dialogue

Shared concerns with piracy initiated defence dialogue and subsequently accelerated cooperation from 2009 but the two have embarked on more traditional military-to-military consultations for over a decade. Following Defence Minister Fernandes' 2000 visit, gradual steps have been taken to improve trust and understanding with some speed.⁷⁴

After a delay at the turn of the century, primarily due to domestic upheaval in India,⁷⁵ Japan participated in the International Fleet Review in February 2001 in Mumbai and a Japanese training squadron of the MSDF visited Chennai in May. India reciprocated in October 2002, attending the Japanese International Fleet Review in Tokyo. In December Koizumi and Vajpayee signed a Joint Declaration which pledged cooperation in the 'war on terror', battle against the proliferation of WMDs and security of sea-lanes. The hope for greater defence exchange was also mooted. Over two years later Koizumi and the new Indian Prime Minister Singh emphasised security dialogue through greater consultation and cooperation.⁷⁶

By 2007 cooperation had reached new heights. Japan and India held their first Defence Policy Dialogue at the Vice-Ministerial level, soon followed by a trilateral maritime exercise with the US off the Boso Peninsula of Japan on April 16. Defence Ministers Antony and Koike also met before Prime Minister Abe paid a visit to India on the eve of

⁷⁴ Even academics have been surprised by the speed at which relations and exchanges have developed. Author's interview with Izuyama.

⁷⁵ Wataru Nishigahiro, 'Political and Defence Aspects of India-Japan Relations', *CSA Chennai Speech*, 21 January 2004, <http://www.csa-chennai.org/Files/indojapan.pdf>. According to former Ambassador Hirabayashi, the Japan Embassy was almost evacuated as tension between India and Pakistan heightened in May/June 2002 as 500 000 Indian troops were sent to the border. Author's interview with Hirabayashi

⁷⁶ Pranmita Baruah, 'Changing Contours of the Japan-India Defence Relations', *Global Politician*, 3 April, 2010, <http://globalpolitician.com/26267-japan-india> (Accessed on 03/04/10)

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the Malabar 2007 exercises in August of that year, to jointly issue the 'Roadmap for New Dimensions to the Strategic and Global Partnership between India and Japan'.⁷⁷

This agreement established more practical means through which Japan and India could cooperate and articulated the shared 'common interests in such fields as maintaining the safety and security of sea lanes in the Asia-Pacific and IOR and fighting against transnational crimes, terrorism, piracy and proliferation of the WMD.'⁷⁸ More recently in late-September 2010 Air Chief Marshal P V Naik, chairman of India's Chiefs of Staff Committee, visited Japan to participate in the first military-to-military talks.⁷⁹

i. *Malabar Exercises*

For many years maritime cooperation was confined to port calls, senior-level visits and training exchanges but recent years have witnessed more practical applications of paper agreements, key of which has been the Malabar initiative.

The 'Malabar exercises' are considered a flagship example of military cooperation between Japan and India. According to Green the exercises send a message of transparency and reassure others of US presence in the region. Initiated in 1992, then suspended in 1998 following India's nuclear tests, they are primarily a US-India endeavour. Following the attacks on 9/11 they were reinvigorated but in 2007 Singapore, Australia and Japan also participated in the manoeuvres in the Bay of Bengal.⁸⁰ Despite the success of these events, however, China's reaction was less

⁷⁷ Ibid.

⁷⁸ 'Joint Statement: On the Roadmap for New Dimensions to the Strategic and Global Partnership between Japan and India', *Ministry of Foreign Affairs, Japan*, 22 August 2007, <http://www.mofa.go.jp/region/asia-paci/pmv0708/joint-2.html>

⁷⁹ Gokhale, 'India's Quiet Counter-China Strategy'

⁸⁰ These involved over 20,000 personnel, 28 ships, 150 aircraft, and 3 aircraft carriers. As...details, 'The navies together practiced maritime interdiction, surface and antisubmarine warfare, and air combat

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complimentary. Beijing criticised the exercises, suggesting they signalled the formation of an 'Asian NATO',⁸¹ issuing a demarche at the sidelines of the ARF.⁸² The US insisted they were not directed against a third country, as did Yachi who more explicitly said 'China need not worry about the maneuvers...which are a goodwill exercise.'⁸³

The greatest distance was given by Australia and India. The Australian Defence Minister, Brendan Nelson flatly stated that Canberra was disinterested in creating a new security grouping and even though the Indian Navy, according to an interview with a senior US Defense official, 'spearheaded the initiative',⁸⁴ India encouraged the US to resist inviting a third party to subsequent training in 2008 and 2009. Nevertheless in 2011, amid greater assertiveness on the part of China, Japan was once again invited to attend. Malabar exercises between the Indian and US Navy and JMSDF were scheduled to take place off Okinawa in April 2011,⁸⁵ however, following the devastation wrought by the March 2011 earthquake and tsunami, Japan's participation was postponed.

After the success of Malabar 2007, Japan and India agreed to deepen relations by concluding a Security Declaration in October 2008. As only the second such document Tokyo had signed, the two governments agreed to upgrade ministerial-level consultations and among other measures, initiate further joint defence exercises,

exercises.' Chanlett-Avery, 'Emerging Trends in the Security Architecture in Asia: Bilateral and Multilateral Ties Among the US, Japan, Australia and India'

⁸¹ Ibid.

⁸² Sandeep Dikshit, 'Joint naval exercises begin today', *The Hindu*, 4 September 2007, <http://www.hindu.com/2007/09/04/stories/2007090460941000.htm> (Accessed 04/09/07)

⁸³ Michael J. Green, 'Towards Greater US-Japan-India Strategic Dialogue and Coordination', *CSIS*, February 2009

⁸⁴ Author's interview with James Clad, *Former US Dep Ass Secretary of Defence for Asia Pacific Security, DoD, Senior Research Fellow, National Defence University*, 20 June 2011

⁸⁵ 'India, Japan, US Navies to Hold Military Exercises Off Okinawa Coast, Japan', *India Defence*, 16 February, 2011, <http://www.india-defence.com/reports-5023> (Accessed on 16/02/11)

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policing of the Indian Ocean and military-to-military exchanges on counter-terrorism.⁸⁶

Until this agreement was made cooperation was fragmented but with the agreement, a framework was established.⁸⁷ At present India only holds basic exercises with China and neither Japanese nor Indian military experts believe China will be invited to join more advanced exercises in the near future.⁸⁸

ii. *Appraisal of the Defence Dialogue*

Maritime cooperation has provided the strategic 'high-point' of Japan's military engagement with India.⁸⁹ Of particular significance is that Japan's recent dialogue with India has graduated to the stage which explicitly includes consideration of a third party; China. During a visit by Defense Minister Kitazawa in April 2010, views for the first time regarding Japan's concerns over China's military activity were raised.⁹⁰ Japan-India dialogue is no longer solely a bilateral issue. China is now firmly on the agenda of Japan-India defence cooperation, despite earlier hesitancy to state so publicly.

Scholars have nonetheless been critical of the content and progress made in forging closer defence ties. On paper the objectives are ambitious but the ability of either state to fully exploit the document's intentions is questioned, particularly in comparison to Japan's similar agreement with Australia in 2007.⁹¹ For one the Security Declaration

⁸⁶ Baruah, 'Changing Contours of the Japan-India Defence Relations'

⁸⁷ Sandeep Dikshit, 'Japanese energy security is dependent on the Indian Navy', *The Hindu*, 1 October 2007, <http://www.hindu.com/2007/10/01/stories/2007100155871300.htm> (01/10/07)

⁸⁸ Yet whilst China's participation in PKO might be permissible, no interviewees envisaged China soon joining exercises. Author's interview with Parmar, Kotani and Satoh

⁸⁹ Author's interview with senior official, *Embassy of Japan, London, served in Delhi 1993-96, 2006-09* 20 April 2010

⁹⁰ Suryanarayana, 'Quiet approach'

⁹¹ Sourabh Gupta, 'Japan-India Maritime security cooperation: Floating on inflated expectations?', *East Asia Forum*, 11 May, 2010, <http://www.eastasiaforum.org/2010/05/11/japan-india-maritime-security-cooperation-floating-on-inflated-expectations/> (Accessed on 11/05/10) For an interesting comparison

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document, considered a template for Japan's later agreement with India, refers to 'shared security interests,' which in the Indian statement refers only to 'similar perceptions of the evolving environment' (*emphasis added*).⁹² The Canberra agreement also refers to a geographical sphere for cooperation, unlike Japan's India counterpart.

Furthermore in May 2010 Tokyo agreed a logistics support pact with Australia.⁹³ The likelihood of India agreeing to a similar agreement regarding the mutual provision of services and supplies are slim, despite Japan's enthusiasm for such an addition to defence cooperation. Kitazawa made the proposal during his April visit to India but again, Indian caution held back the development. For Canberra, Beijing is a more distant neighbour, which may explain such differences in sentiment. As Gupta notes, 'the omissions and dilutions in the Japan-India security framework are unlikely to significantly raise the currently shallow operational ceiling to such cooperation.'⁹⁴

The limitations of defence interaction have been noted above. This chapter will now turn to a political initiative of Japan to improve cooperation, principally with India and the trajectory of the policy approach.

between the Japan-India and Japan-Australia agreements, see, Aurelia George Mulgan, 'Asia's new strategic partnerships', *East Asia Forum*, 20 January, 2010 and <http://www.mofa.go.jp/region/asia-paci/australia/joint0912.html>; <http://www.mofa.go.jp/region/asia-paci/india/pmv0912/action.html> (Accessed on 20/01/10)

⁹² Sourabh Gupta, 'Japan-India Joint Security Declaration: Towards an Asia-wide Security Architecture?' *Japan Focus*, 10 November, 2008, http://old.japanfocus.org/_Sourabh_Gupta-Japan_India_Joint_Security_Declaration__Towards_an_Asia_wide_Security_Architecture_ (Accessed on 17/06/10)

⁹³ 'Japan-Australia Acquisition and Cross-servicing Agreement [ACSA]', *Ministry of Foreign Affairs, Japan*, 19 May 2010, http://www.mofa.go.jp/announce/announce/2010/5/0519_02.html

⁹⁴ Gupta, 'Japan-India Maritime security cooperation: Floating on inflated expectations?'

VII. 'Arc of Freedom and Prosperity'

Under NCR domestic factors are occasionally able to overpower systemic constraints since as a variation from pure neo-realism, structure alone does not translate into policy. However, eventually NCR holds that structure will triumph and bring policy in line with the environment. In the context of Japanese strategy towards India, Prime Ministerial ideology has previously been overly ambitious regarding the pace at which Japan-India ties could flourish, most evident through the failed 'Arc of Freedom and Prosperity' proposed by PM Abe.

In 2000 Mori argued that Japan and India had a responsibility in 'defending and spreading the values of democracy and freedom' but little was done until the premiership of Abe. In Chapter 4 Abe's aspiration for a 'new Asian order' which valued 'freedom, democracy, human rights, and the rule of law' was noted. With Aso as Foreign Minister and advised by Yachi, the initiative entitled, 'Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons' was launched.⁹⁵ The geographical reach was envisioned to emanate from North Europe, through the Baltic Sea across the Middle East and Indian subcontinent, Southeast Asia, ending in North East Asia.⁹⁶ By adding a 'new pillar', the vision aspired to place Japan as an 'escort runner', supporting nascent democracies in their development and improve Japan's unprincipled international image.

⁹⁵ 'Breaking the US-Japan jinx', *Sentaku Magazine, Japan Times*, 11 February, 2009, <http://search.japantimes.co.jp/cgi-bin/eo20090211a1.html> (Accessed on 11/02/09)

Some in MOFA in fact attribute the AFP to Yachi (Author's interview with Kanehara). As Yachi himself recounts, he shared President Bush's concerns with the 'arc of instability' but wanted to be more positive in the implications with alternative choice of terminology. He sought a more dynamic diplomacy for Japan.

⁹⁶ Xu Meng, 'Re-Exploring on Japanese Values Diplomacy,' *Asian Social Science*, (January 2009), pp. 70-74

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Origins of the policy are open to dispute. Some suggest Japan needed a new framework through which to guide its future strategy.⁹⁷ Others point squarely at China as Japan sought to differentiate itself from Beijing's un-democratic credentials. Tokyo certainly wanted to make the distinction and demonstrate how other countries in the region shared its views.⁹⁸ It was also thought such efforts were required to secure membership to the UNSC.

An additional structural influence often neglected was the still-evolving post-Cold War world in which Eastern European countries continued to struggle against Russian influence. Indeed whilst China was no doubt a factor in the formation of the Arc, for Yachi at least, the focus was on Russia.⁹⁹ As Aso stated in November 2006, 'it is essential to bring stability to the so-called "GUAM" nations - that is, Georgia, Ukraine, Azerbaijan and Moldova.'¹⁰⁰

According to an Indian Ambassador, the concept appealed to the Right who like to project values whilst the Left favour promoting democracy. It was thought therefore that Abe could 'beat two drums at the same time'.¹⁰¹ For revisionists the concept was also

⁹⁷ For a full explanation from Abe and Aso's primary speechwriter Taniguchi Tomohiko on the origins of the AFP, see Tomohiko Taniguchi 'Beyond "The Arc of Freedom and Prosperity": Debating Universal Values in Japanese Grand Strategy', *Asia Paper Series*, (October 2010), pp. 1-5. Taniguchi believes the AFP to have been an exercise of branding whereby Japan sought to clarify its identity, articulate its regional role independent of the US and provide great 'breathing space' by embarking on other strands of diplomacy from the US alliance.

⁹⁸ Author's interview with Abe

⁹⁹ According to former MOFA speechwriter, Taniguchi, it was during Yachi's visits to Eastern Europe that Yachi came to appreciate the lingering fear of the Russia's influence in this region; from which the idea of using Japan's democracy as a diplomatic asset to entice these countries was considered. According to Taniguchi, Yachi was particularly concerned by the Northern Territories issue and whilst a 'hawk' in terms of policy towards China, formulated the 'arc' idea to send a message to Moscow rather than Beijing. Author's interview with Taniguchi.

¹⁰⁰ Speech by Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the Japan Institute of International Affairs Seminar, 'Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons'

30 November, 2006, <http://www.mofa.go.jp/announce/fm/aso/speech0611.html>

¹⁰¹ Author's interview with Seth

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seen as a vehicle for expanding Japan's military. Indeed during Abe's tenure the Defense Agency was upgraded to Ministry. However despite Yachi's appointment of a journalist-speechwriter to relate Japan's new strategy to lay audiences, comprehension at both elite and public level was low. In particular, 'values-driven diplomacy' was never accepted by MOFA who thought 'it was too obvious whilst good in theory'.¹⁰² One senior diplomat admitted he 'hoped the idea would die quietly'.

Nevertheless despite MOFA's discomfort they were unable to change the reorientation. Indeed the shelving of the policy was due to external factors. The concept was relatively well-received in Eastern Europe, especially by states like Turkey. However the number of uneasy states outweighed those supportive. Russia and China were particularly offended.

The greatest flaw in the approach was Japan's misreading of 'democracy' and grouping of countries according to political systems. Not only did such an approach encourage 'allegiance for allegiance's sake,'¹⁰³ it also flagged contradictions in Japan's wider diplomatic approach. The norm of democracy-promotion has never been strong in Japan so when elites attempted to ignite such a view it found little traction. As a remnant of Japan's militarist past, MOFA in particular thought Japan should never again impose 'values' on others.¹⁰⁴ Japan's relations with Myanmar, Vietnam and Persian Gulf states also contradict the 'democratic partnerships' the Arc supported.¹⁰⁵ In addition the concept was damaged by the timing in which it was launched. Since the era of Bush,

¹⁰² Author's interview with senior official, *Policy Planning and International Security Division*

¹⁰³ Author's interview with Hirose

¹⁰⁴ Author's interview with Kanehara

¹⁰⁵ Fault-lines in Abe's approach had already become evident in May when he toured the Middle East where Japan depends for three-quarters of its oil, and moderated his pro-democracy position in light of pragmatic concerns. 'Abe blows Japan's trumpet, cautiously', *The Economist*, 3 May 2007, <http://www.economist.com/node/9116791> (Accessed on 11/08/11)

democracy-promotion is maligned by association with unilateralism and ‘with or without us’ psychologies.

i. *From ARF to ‘Quad’*

Japan’s AFP did not exist in isolation and was in fact part of a wider effort by several regional governments to adjust to changing structural conditions as well as fulfil individual ideological preferences. Some would argue that Abe’s AFP emerged following the ‘green light’ provided by the US neo-conservative politics but as demonstrated elsewhere in this thesis, Japan does not solely react to US initiatives though they certainly play a supportive role. As Gupta correctly notes, Abe’s tenure coincided with several right-wing conservative administrations which at the time helped avoid the image of Japan breaking out alone to ‘contain’ China.

As Chapter 3a addressed, with PM Singh already favourable towards Japan and supportive at first of Abe’s proposal for a quadrilateral grouping and positive signals from the Australian government of John Howard, the first meeting was held in Manila in 2007.¹⁰⁶ Yet despite initial enthusiasm, the short-lived nature of the ‘Quad’ demonstrates how domestic factors can intervene with structural forces. Between 2006 and 2008 no dramatic structural change emerged but pressure at home to retract from the initiative ultimately brought its demise. In the US whilst support had been strong, the imperative of securing the US-India nuclear deal before leaving office was

¹⁰⁶ Anirudh Suri, ‘India and Japan: Congruence, at Last’, *Asia Times Online*, 9 June, 2007
http://www.atimes.com/atimes/South_Asia/IF09Df03.html (Accessed on 10/12/08)

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prioritised. The Australian Foreign Ministry was always uneasy¹⁰⁷ and with the election of a noted 'Sinophile' Kevin Rudd in late 2007, their support was swiftly removed. The greatest challenge, however, came from India.

Many of India's elite had been uncomfortable with Abe's 'values-driven diplomacy'. As Hirose argues, India wants 'issue-based cooperation'. Gupta echoes this, suggesting Japan and India have undergone a role reversal (as was noted in Chapter 5's historical discussion) in which India increasingly favours China's 'values-free' diplomacy. Remnants of Delhi's non-alignment strategy persist (for example in individuals such as Defence Minister AK Antony) in addition to fears of the reaction from Beijing.¹⁰⁸ As one senior Indian official told the author, all proposals regarding Japan are viewed 'through the Chinese prism'.¹⁰⁹ Following Malabar 2007 for example the Indian spokesman stressed the purpose being to boost 'the friendly relationship' among the countries¹¹⁰ and that exercises with China, Russia and Vietnam were also scheduled.¹¹¹

Abe, the lead-proponent of what Twining calls 'more of a vision than a policy', lost the Upper House elections in 2007 bringing the concept to a close.¹¹² Tanino Sakutaro, Ambassador to both Beijing and Delhi was a classmate of PM Fukuda who took over from Abe and is thought by some to have convinced Fukuda to abandon Yachi's idea.¹¹³

¹⁰⁷ Ken Jimbo, 'Long-term Outlook for Japan's Foreign and Security Policies', *Tokyo Foundation*, 8 May 2009, <http://www.tokyofoundation.org/en/articles/2009/long-term-outlook-for-japan2019s-foreign-and-security-policies> (Accessed on 09/05/09)

¹⁰⁸ Author's interview with Clad

¹⁰⁹ During the mid-1990s there was a short-lived experiment to have a separate Japan and South Korea desk but this was soon removed so attention continues to focus on China in this division.

¹¹⁰ 'Japan, US and India Hold Naval Drills', Agence-France Presse, *Navy News*, 16 April, 2007, <http://www.defencetalk.com/japan-us-and-india-hold-naval-drills-11261/> (Accessed on 02/02/10)

¹¹¹ *Ibid.*

¹¹² Abe's resignation also marked the end to hopes for a reinterpretation of Japan's Constitution to allow for self-defence, which was the expected recommendation by a commission established by Abe. His successor, Fukuda was less supportive. Chanlett-Avery, 'Emerging Trends in the Security Architecture in Asia: Bilateral and Multilateral Ties Among the US, Japan, Australia and India'

¹¹³ Author's interview with Taniguchi

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However as officials note, whilst the ‘logo’ of AFP might have disappeared, its essence remains in the minds of policymakers keen to reconfigure Japan’s diplomatic profile in a more ‘subtle’ guise.¹¹⁴

The attempt to break the mould and launch a new direction was nevertheless noteworthy. As an exercise in ‘branding’ and ‘attempt for Japan to define itself’ in Aso’s words,¹¹⁵ Japan can be compared with both China and India who are also defining themselves. Ultimately proponents of AFP and India’s role in the strategy, however, misread structure. By moving too fast and employing rhetoric unsuitable for the Indian audience and Japan’s own diplomatic culture and norms, the policy was unable to prosper. The effort does, however, demonstrate how elements of agency interact with the international system to shape the formation of policy but also how structure supercedes domestic forces.

ii. *Subtle shift back to a trilateral*

As early as June 2010 a senior MOFA official told the author they had ‘unofficially floated the idea’ of a trilateral but were still in the process of gaining approval. India’s non-alignment policy and preference for a ‘step-by-step approach which starts from a lower base’ was again seen as the potential obstacle.¹¹⁶ The US also appreciates that as neo-conservative rhetoric has become obsolete, some ‘soul-searching’ according to Alagappa, is required. Washington believes relations between the US, India and Japan

¹¹⁴ Author’s interview with senior official, *Southwest Asia Division, 2009-10 MOFA* 20 May 2010

¹¹⁵ ‘Middle East Policy As I See It, An Address by H.E. Mr. Taro Aso, Minister for Foreign Affairs Organized by the Middle East Research Institute of Japan’ Hotel Okura, Tokyo, 28 February, 2007, <http://www.disarm.emb-japan.go.jp/statements/Statement/070228Middle%20East.htm> (Accessed on 05/08/11)

¹¹⁶ Author’s interview with senior official, *Policy Planning and International Security Division*

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cannot be 'premised on the China threat' since 'it's neither in India's and Japan's, nor in the US' interests...it has to be based on something much more than that.¹¹⁷

By January 2011 Secretary Clinton spoke on the future architecture of the region, calling for small dialogues following some frustration with larger multi-laterals. The idea of a US-Japan-China trilateral was raised but quickly opposed by Beijing. Yet as Green argues, there remains a need for 'caucusing like-minded states' who as well as sharing democratic values, seek an Asia where China plays a constructive but not dominant role. The US is eager to promote multipolarity within Asia and avoid a unipolar system wherein China holds veto power. Furthermore in a fiscally restrained environment the US is keen to share the burden of securing the region. An exploratory meeting was held in July 2011 with the first official meeting held in December 2011.¹¹⁸ Indian hesitancy remains, however, for example talks are only at the Director-General/Assistant Secretary level and have not yet been elevated to the Ministerial like those with Australia and the ROK.

In order to understand further why relations did not develop like those with other states, despite similar structural conditions, analysis needs to turn to alternative unit-level factors.

¹¹⁷ Nirav Patel, 'The Elephant and the Rising Sun: Alliance for the Future', *South Asia Analysis, Paper, Paper 2345*, 24 August 2007, <http://www.southasiaanalysis.org/%5Cpapers24%5Cpaper2345.html> (Accessed on 06/04/10)

¹¹⁸ Sandeep Dikshit, 'India, Japan to firm up strategic ties despite nuclear stalemate', *The Hindu*, 7 August 2011, <http://www.thehindu.com/news/national/article2331478.ece> (Accessed on 08/08/11)

VIII. Role of intervening variables

Structural conditions provide the dominant rationale behind Japan's present day security/defence policy. However in keeping with NCR, structure alone cannot explain Japan's diplomacy. Domestic factors must be considered. The culpability for the limited progress in the security field can be shared between the unadvisable rhetoric within which Japan-India partnership was framed, the hesitancy of Indian policymakers to commit to potential infringements on their autonomy, relative weakness of the MOD and Japanese official adherence to both the letter and spirit of the Constitution. At times structural forces supercede domestic pressures, as will be seen in Japan's final recommendations over Defense Strategy in late 2009 but even in this case, domestic-level variables have only restrained purely structuralist policy. In the section which follows, domestic-level factors, primarily elite perceptions are seen to have been important in shaping Japan's policy through an AFP initiative, which nonetheless failed due to its conflict with both internal norms and structural conditions.

According to Desch, the absence or weakness of international pressures allows domestic factors greater leverage in the policy-making process but when structural imperatives overwhelm, the influence of the domestic arena can be compromised. This is not, however, always the case and in fact NCR appreciates that since external factors are translated through elite perceptions, they can at times override structural factors. Thus whilst the reality of structure dictates a stronger military relationship between Japan and India, domestic factors have frequently prevented this congruence from resulting in policy. However this is only a temporary delay before structure overrides.

i. *Elite perceptions*

Now the structural forces at play have been identified, it is necessary to look internally at policymaker perceptions as an intervening variable on foreign policy decisions. As the following passage will explain, India has only gradually entered the strategic imagination of Japan's elites, shifting from the periphery to a position as an 'indispensable partner'.

MOFA's classification of India as part of 'Asia' has taken time.¹¹⁹ According to one official, the increase in ASEAN's links with India played an important role in developing this idea.¹²⁰ The dual events of the Asian Financial Crisis and Pokhran Tests also 'systemically...broadened [Japan's] horizons of its own concept of Asia'.¹²¹ Whilst senior and younger-generation officials now consider India a priority, this opinion is relatively recent. As discussed in Chapter 4, perceptions of 'Asia' have traditionally excluded South Asia. Even today according to a senior MOFA strategist, India occupies the 'second circle' of interests after the US, Australia and ROK. Rhetoric in India often

¹¹⁹ Definitions for the region of Asia are complex and controversial. As Fareed Zakaria claims there is 'no such thing as Asia...it is a Western concept. There is India, China and Japan'. Fareed Zakaria, 'The Post American World, *LSE Public Lecture*, (30 June 2008),

<http://www.lse.ac.uk/collections/LSEPublicLecturesAndEvents/events/2008/20080602t1155z001.htm>

This understanding is shared by Camroux who says that Asia did not exist until the first few post-war and post-colonial decades. This understanding is shared by Camroux who says that Asia did not exist until the first few post-war and post-colonial decades. Camroux, 'Asia ... whose Asia? A 'return to the future' of a Sino-Indic Asian Community'. Without clear geographical, political or ethnic boundaries, and no single dominant religion to act as a unifier, (Emmott, *Rivals*, p. 33) the term has at times constituted 'narrow' understandings of Southeast Asia plus Northeast Asia, as well as ASEAN plus China, Japan and ROK and even broader conceptions. The people of 'Asia' themselves, excluding pan-Asianists, have been largely indifferent to the grouping. For Breslin this latter wide definition 'might simply be a pragmatic strategic move to prevent the emergence of a Sino-centric Asian Asia, or an 'anti-region' designed to prevent a region from forming rather than creating a real alternative. Shaun Breslin, 'Supplying Demand or Demanding Supply? An Alternative Look at the Forces Driving East Asian Community Building' *Policy Analysis Brief, The Stanley Foundation*, (November 2007).

¹²⁰ Author's interview with Mita

¹²¹ KV Kesavan. 'Indo-Japanese Partnership: The Security Factor', *Observer Research Foundation Issue Brief*, No. 19, (May 2009)

http://www.observerindia.com/cms/export/orfonline/modules/issuebrief/attachments/ORF_Indo-India_1243494779320.pdf, p. 3

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refers to Japan as a 'life-long friend' but this is rarely in the strategic context. Perceptually Japan is hyphenated to the US.

Of course the actual borders of 'Asia' have not changed but the perception of policymakers has expanded. Due to external pushes and pulls, elites have been forced to reassess their assumptions about tools at their disposal. As Ambassador Enoki notes, 'Asia no longer stops at Myanmar, we now realise we need to go further'. In ever-greater numbers, officials are also seeing India as an Asian country that 'gets Japan'¹²² and is, in one retired official's words, 'one of the few pro-Japan countries in Asia. Japan needs as many Asian friends as possible.'¹²³

Even though US presence in Asia is likely to remain strong in the future, policymakers have increasingly perceived a 'relative change'.¹²⁴ Furthermore as China's presence has grown, Japan has felt the need to 'think outside of the box' and approach new potential partners. As the 'hub and spoke' system appears 'no longer tenable'. Strategists are looking to create a 'network' of partners which might dilute China's influence.¹²⁵

ii. *The Japanese Constitution*

Despite the structurally hospitable environment for closer cooperation, another major domestic limitation has been Japan's Constitution. More specifically Japan's Constitution itself has not proved the obstacle but rather the perception among

¹²² Author's interview with David Leheny, *Professor of East Asian Studies, Princeton University* 8 June 2010

¹²³ Author's interview with Kaneko

¹²⁴ Senior Official, MOFA, 'The Security Environment in East Asia,' *Chatham House*, London, February, 2011

¹²⁵ *Ibid.*

policymakers as to the legal barriers emanating from the text. As Sterling-Folker and Waltz assert, elites might be aware of structural pressures, which should dictate policy but since these realities are read through the ‘prism’ of their subjective outlooks they might not respond as effectively as might be assumed.¹²⁶

Japan’s adherence to both the spirit and letter of Article IX of the Constitution has been described as akin to ‘religion’. According to Japanese officials, despite Indian petitions for joint exercises the Constitution prevents Japan engaging in substantial defence exercises or trade with any other country other than an ally.¹²⁷ At the present time this is limited to the US but with no prospect of India becoming an ally, this point serves as a useful limitation for bureaucrats uneasy about upgrading relations. Scholars in Japan believe defence cooperation is unable to deepen further due to constitutional restraints¹²⁸ but within the Defense Ministry there exists enthusiasm for expanding collaborative projects.

iii. *Ministry of Defense*

The defence community has been one of the most eager supporters of working with India.¹²⁹ Ever since the 1990s when a Japanese sailor was taken ill whilst sailing past India and the Indian navy came to the ship’s assistance, feelings of goodwill have grown.¹³⁰

¹²⁶ Kenneth Waltz, *Theory of International Politics*, (McGraw Hill; New York, 1979), p. 71

¹²⁷ Author’s interview with Senior Indian MEA official

¹²⁸ Author’s interview with Toru Ito, *Associate Professor of Security Studies, South Asia, National Defense Academy of Japan* 26 June 2010 and Izuyama

¹²⁹ Author’s interview with Sahdev

¹³⁰ Ibid.

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The Defense Ministry, graduated from Agency-status in January 2007. According to the then-Minister of State for Defense Fumio Kyuma, ‘the security environment surrounding Japan has undergone many significant changes’¹³¹ necessitating change. Yet the Ministry continues to be dogged by the past and holds less influence over foreign policy than other nations such as the US or UK.¹³² The military remains stigmatised and among the least popular establishments to join.¹³³ Domestically the military is afforded considerably less admiration in Japan than it is India,¹³⁴ which with an increasingly aged and risk-averse society is likely to continue to restrict defence spending.¹³⁵ Political leadership (with rarely military experience themselves) takes precedence according to Ministry officials.¹³⁶

iv. *Politicians*

Politicians have played a significant role preventing Japan’s more proactive wings from engaging further through reference to the Constitution. This document has often been employed by politicians to limit action, particularly by the DPJ¹³⁷ who consider Article IX integral to Japan’s national identity as well as a ‘shield from US pressure.’¹³⁸ Whilst

¹³¹ ‘Defence of Japan’, *Ministry of Defence*, Tokyo (2007) cited in Panda et al. ‘As Dragon flexes muscle, the Rising Sun goes defensive’

¹³² Author’s interview with senior official, *International Policy Division, Ministry of Defense* 30 June 2010

¹³³ Brad Glosserman and Tomoko Tsunoda, ‘Older, smaller population to impact Japan’s choices’, *Japan Times*, 30 June, 2009, <http://search.japantimes.co.jp/cgi-bin/ea20090630a1.html> (Accessed on 30/06/09) and author’s interview with Imaizumi

¹³⁴ This observation has also been made by the author following several interviews. According to Glosserman and Tsunoda, by 2024 Japan’s household wealth will have returned to 1997 levels.

¹³⁵ The earthquake and subsequent tsunami in March 2011, however, improved the reputation of Japan’s SDF when the forces were deployed for their largest mission to date in search and rescue operations in Japan’s north-eastern region.

¹³⁶ Author’s interview with senior official, *International Policy Division, Ministry of Defense* 30 June 2010

¹³⁷ The former leader of the DPJ, Ichiro Ozawa’s opposition to Japan’s refuelling mission in the Indian Ocean as a violation of the Constitution is but one example of the pressure placed on domestic debate.

¹³⁸ Leif-Eric Easley, Tetsuo Kotani & Aki Mori, ‘Electing a New Japanese Security Policy? Examining Foreign Policy Visions within the Democratic Party of Japan’ *Asia Policy*, 9, January 2010, p. 56

the LDP held power and several members vocally supported revision,¹³⁹ certain reinterpretations were permitted. Yet the DPJ have shown caution over broadening out from the Pacific theatre. When for example, the NDPG advisory panel recommended revising interpretation of Japan's ban on collective self-defence, Prime Minister Hatoyama denied the possibility.¹⁴⁰ Without political support behind reading Japan's Constitution in a light favourable to deepening defence relations with India, encouragement from the Defense Ministry is too weak a force to factor in policymaking.

v. Impact of the new DPJ administration

Domestic politics are not often employed in analysis of Japanese diplomacy despite Japan's adherence to democratic governance.¹⁴¹ According to some scholars this is due to Japan's relatively stable political landscape whilst the LDP held power.¹⁴² In 2009 this tranquillity was upset by the election of the DPJ.

The election of a new government in August 2009 hastened debate over Japan's defence-only posture. The DPJ placed far greater emphasis on economic and social policy in their election manifesto and suggested a reorientation away from primarily US-led initiatives to a more regional focus on Asia.¹⁴³ The effectiveness of missile defence spending was also called into question. The DPJ avoided lofty rhetoric in favour of references to improving relations with near-neighbours ROK, China and

¹³⁹ The LDP has drafted a revision of the Japanese Constitution, amending the Article, but to be enacted the bill needs approval by two-thirds majorities in the two Houses and a majority of the popular vote in a referendum.

¹⁴⁰ Easley et al., 'Electing a New Japanese Security Policy?' p. 62

¹⁴¹ Ibid. p. 3

¹⁴² Ibid.

¹⁴³ Ibid. p. 8

Taiwan in addition to regionalism objectives.¹⁴⁴ In the early months relations with the US were strained over the relocation of an American army base in Futenma. Yet once Kan succeeded Hatoyama, a more realist approach to defence policy became apparent, particularly evident in Japan's NDPG.

vi. *The 2010 National Defense Policy Guidelines (NDPG)*

Japan's proactive foreign policy stance was evident when in late 2010 the Defense Ministry released their eagerly awaited NDPG. As the first statement on Japan's security priorities since 2004 and only fourth since 1976, the outline provided a gauge to measure Japan's security priorities.

Following the 2009 election deliberations were elevated to ministerial level for the first time and the publication of the NDPG were delayed in order to allow greater time for discussion. However Japan's defence policy altered little to accommodate the new political regime. Domestic politics as an intervening domestic factor played a limited role whilst structural external threats dominated. This is not to suggest that unit-level factors were inconsequential but rather that in the light of such strong geopolitical imperatives, their influencing power was weakened.

The nature and tone of the Guidelines was not always assumed to take its final form. When the DPJ first came into government there were suggestions that missile defence for example would be scaled back, particularly with Okada as Foreign Minister. The LDP formerly exempted Japan's missile defence programmes from the 'three principles' and went further in 2005 by entering into advanced development with the

¹⁴⁴ Ibid. p. 16

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US in missile interceptors. The DPJ's centre-left leanings and Secretary-General Ozawa's own misgivings, encouraged anticipation that defence spending would distinctly decrease.

Japan defence budget for 2011 onwards remained less than 1% of GDP at ¥23.39 trillion with an additional ¥100bn for unforeseen events.¹⁴⁵ For a time it was expected that the Ground Self-Defense Force would increase its numbers¹⁴⁶ but eventually troops were downsized so that the total number of personnel fell to 154 000, the lowest ever, continuing the 1996 onwards declining trend.¹⁴⁷

The overall budget did not increase substantially. However what was significant was the refocusing of forces and resources to account for structural developments. According to Gupta, Japan's defence budget in 2010 was the same as it was in 1984. Yet a subtle yet tangible repositioning was evident, particularly around China's naval presence. This was described by some as an 'unequivocal doctrinal departure' from Cold War assumptions.¹⁴⁸ Whereas in 2004 guidelines only recommended Japan 'remain attentive' to China's actions, the 2010 paper outlines the lack of transparency,¹⁴⁹

¹⁴⁵ Masami Ito, 'Defence focus shifts from Russia to China', *Japan Times*, 18 December, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20101218a1.html> (Accessed on 18/12/10) This converts to approximately \$40 bn, which according to Hughes represents a fall in nominal yen from the 1990s. Christopher W. Hughes, 'The Slow Death of Japanese Techno-Nationalism? Emerging Comparative Lessons for China's Defense Production', *The Journal of Strategic Studies*, Vol. 34, No. 3, (June, 2011), p. 460

¹⁴⁶ 'Defence Ministry eyes boosting GSDF by 13,000', *Japan Times*, 21 September, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20100921a2.html> (Accessed on 21/09/10)

¹⁴⁷ Under the first Defence guidelines in 1976 Japan had maintained 180,000 GSDF troops but this move is largely in keeping with a global trend to reduce ground troops in preference for naval and air forces. Shamshad A. Khan, 'China threat propels a new defence thinking in Japan', *IDSAs Comments*, 20 December, 2010, http://www.idsa.in/idsacomments/ChinathreatpropelsanewdefencethinkinginJapan_sakhan_201210 (Accessed on 20/12/10)

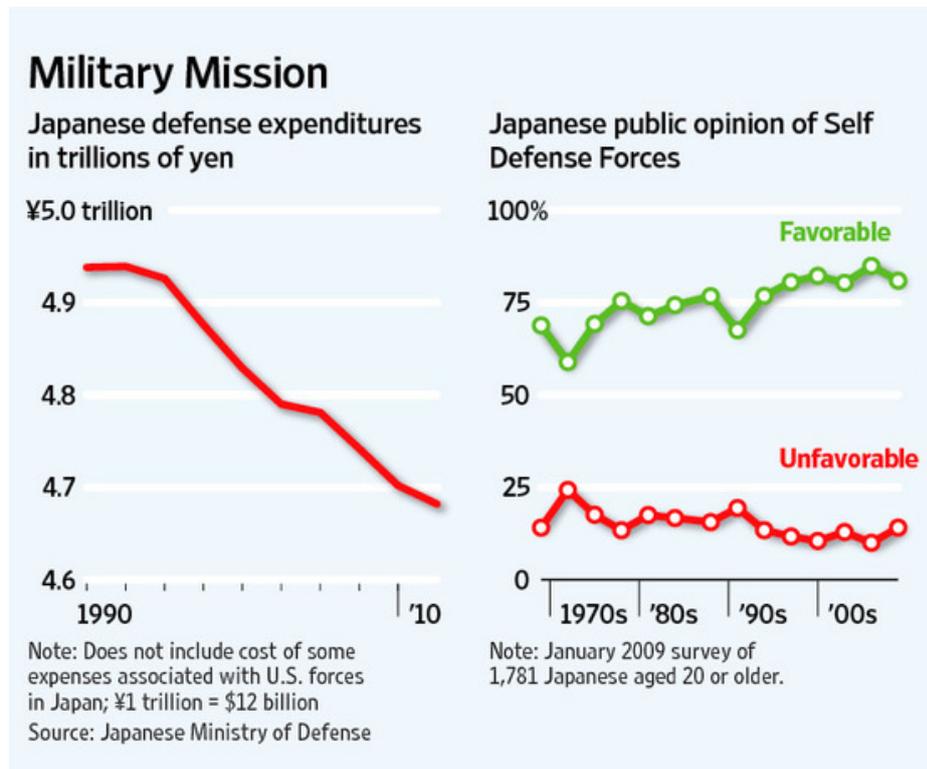
¹⁴⁸ Preeti Nalwa, 'Japan's Revised Defence Guidelines: Proactive Dynamism Pervades "Reluctant Realism"', *IDSAs Comments*, 27 December, 2010, http://www.idsa.in/idsacomments/JapansRevisedDefenceGuidelines_pnalwa_271210

¹⁴⁹ For the first time in order to demonstrate Japan's commitment to transparency, an appendix to the guidelines was also included.

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increased activities and expanded budget as being ‘a concern for the region and international community.’¹⁵⁰

Figure 14¹⁵¹



The intention to increase the number of submarines to 22 from 16 and cut the number of tanks by more than half from 830 to 400 demonstrated a refocus from land to sea. In this regard China’s maritime presence can be inferred as the primary concern. Currently the majority of tanks are stationed in Japan’s northern region of Hokkaido as a consequence of Japan’s military posturing towards Russia. Yet despite continued

¹⁵⁰ ‘Japan defence review warns of China’s military might’, *BBC News*, 17 December 2010, <http://www.bbc.co.uk/news/world-asia-pacific-12015362> (Accessed on 17/12/10)

¹⁵¹ Patrick Barta, Gordon Fairclough and Chester Dawson, ‘Japan’s Crisis Bolsters Its Military’, *Wall Street Journal*, 2 April 2011, <http://online.wsj.com/article/SB10001424052748704530204576236472271896458.html?KEYWORDS=%22center+for+strategic+and+international+studies%22> (Accessed on 05/04/11)

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antagonism between Tokyo and Moscow,¹⁵² Japan's military have taken the decision to concentrate on China's potential threat.

Without increasing expenditure Japan is seeking ever-more partners to ensure security. Interestingly whilst strengthening cooperation with ROK and Australia were explicitly encouraged as states who 'share fundamental values and many security interests' with Japan, India was not included. Japan's previous set of guidelines neglected to mention states other than the US as important for security relations¹⁵³ but Tokyo's actions suggest a reappraisal and resolve to diversify security partners.¹⁵⁴

Japan's central policy remains centred on a 'defensive defence policy' but the addition of references to a 'Dynamic Defense Force'¹⁵⁵ suppose a more proactive stance. Structural factors provided the environment in which Japan's defence policy has been formulated and assisted the government's ability to explain this stance to Japan's military-averse population. As international security has become a more popular-level concern, the ideological reservations which might have altered the guidelines became secondary to structural pressures such as China's more confrontational diplomacy.

vii. *India's view*

In order to cooperate, Japan depends on India's equal commitment. To explain Japanese policy, it is therefore also necessary to consider this intervening factor. The Indian

¹⁵² This was particularly acute when Russian President Medvedev visited the disputed Kuril Islands in February 2011

¹⁵³ Kei Koga, 'Japan's New Policy Defence Program Guideline and Japan-India Security Cooperation', *IPCS*, 13 January, 2011, <http://www.ipcs.org/article/india/japans-new-policy-defence-program-guideline-and-japan-india-security-3315.html>

¹⁵⁴ Gupta, 'Japan-India Joint Security Declaration: Towards an Asia-wide Security Architecture?'

¹⁵⁵ Koga, 'Japan's New Policy Defence Program Guideline and Japan-India Security Cooperation'

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military establishment's view of Japan is largely complimentary. The 1905 Japanese victory over Russia engrained admiration for the 'Asian' defeat of a Western state and Japan's modern naval capabilities have afforded the MSDF respect. However over the past decade or so, as India's military has begun to gradually modernise and confidence has grown, India's eagerness to work with Japan has lessened.

One of the major issues centres round divergent approaches to handle China's rise. Whereas Japan has been relatively explicit in its suspicion of China, India's establishment has shown reserve in how to define defence cooperation. India to a far greater extent than Japan (for reasons explained in Chapter 3b) is cautious about provoking China. Whereas states can economically interact without much effect on neighbours, in security the reaction of others plays a critical role. When for example, Kitazawa visited India in 2010 he officially raised the issue of China. On the Indian side, however, there was no mention suggesting a clear difference in policy objectives. Even Indian scholars are reticent about pointing to China 'on the record'. Yet whilst Indian strategists have been cautious, Indian elites welcome Japan's greater willingness to identify China as a security concern. Japan therefore has to negotiate its policy around this implicit understanding.

India also has its own 'alliance' limitations¹⁵⁶ and holds an 'extreme aversion' to alliance-making. Strategic autonomy is one of India's leading tactical principles. India's antipathy originates from India's post-independence 'non-aligned' policy but continues to this day. The consequences were evident in India's reluctance to accept foreign intervention following the 2004 tsunami, hesitancy to sign the 123 Agreement with the

¹⁵⁶ Author's interview with senior official, *International Policy Division, Ministry of Defense* 30 June 2010

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US in 2008 and continued caution at the UN, recently evident following uprising in Libya and across the Arab world.

The question of how to view the Indian Ocean is a further area of divergence. Whilst there remains the understanding that the Indian Ocean cannot be controlled alone, its strategic value is deemed greater for India than Japan who can avoid the passage (at a cost) should the need arise.¹⁵⁷ Furthermore India more than Japan, views the Indian Ocean in ‘Mahanite’ terms based on Admiral A.T. Mahan’s seminal theory in 1890¹⁵⁸ which highlighted the relationship between geography, control of the seas and foreign policy. Whilst Mahan’s dictum that ‘Whoever controls the Indian Ocean dominates Asia’ should not in fact be attributed to Mahan,¹⁵⁹ the belief that this area is of paramount importance shapes policy formation, particularly in India and China. The Indian Ocean is viewed as ‘the emerging centre of gravity in the strategic world.’¹⁶⁰

Within some corners of opinion in India, there is also a belief that India has little to gain from working with Japan. According to some military scholars, Japan would get a ‘free ride’ from India like it does with the US if/when defence cooperation is deepened. Tokyo’s slow decision-making has contributed to this perception but also the realisation that given Japan’s strict adherence to its Constitution, the scope for cooperation is limited, especially compared with other potential partners. As one scholar told the author, whilst India has made 117 revisions to its Constitution as of March 2011,

¹⁵⁷ Author’s interview with Brig. Rumel Dahiya, 8th March, 2011 and Parmar

¹⁵⁸ A. T. Mahan, *The Influence of Sea Power Upon History, 1660-1783* (1890)

¹⁵⁹ ‘Chasing ghosts’, *The Economist*, 11 June, 2009, <http://www.economist.com/node/13825154> (Accessed on 11/06/09) and James Holmes, Andrew C. Winner, Toshi Yoshihara, *Indian naval strategy in the twenty-first century*, (London; Taylor Francis, 2009), p. 132

¹⁶⁰ P.K. Ghosh, ‘Indian Ocean dynamics: An Indian perspective’, *East Asia Forum*, 5 April, 2011, <http://www.eastasiaforum.org/2011/04/05/indian-ocean-dynamics-an-indian-perspective/> (Accessed on 05/04/11)

retaining its spirit, Japan is yet to make even one.¹⁶¹ In a similar situation to the fields of nuclear and economic cooperation, Japan has also faced competition for India's attention from alternative partners, in particular Singapore.

IX. Limitations in Defence Cooperation

i. The 'Proliferation Security Initiative' (PSI)

In May 2006 discussions between Defence Ministers expanded to encompass concerns over the use of the seas to transport WMDs. This was seen as a signal from Japan of its appreciation for India's non-proliferation aspirations and shaking off of some of the critical feeling in 1998.¹⁶² Yet the extent to which Tokyo and Delhi's security strategies converge has been since called into question over divergent stances on the Proliferation Security Initiative (PSI). Whilst Japan and India share a 'common commitment in pursuing disarmament and non-proliferation as partners seeking a peaceful nuclear-weapon free world',¹⁶³ their means differ. This case demonstrates how, despite some structural complementarities, domestic attitudes in India and Japan's constitutional alliance with US security policy, prevents defence policy from reaching its potential.

The PSI is a US-led scheme which aims to interdict third-country vessels transporting WMDs and illicit drugs.¹⁶⁴ The idea emerged as a result of the discovery of 15 Scud missiles on a North Korean freighter which it was found could not be confiscated under

¹⁶¹ Author's interview with Chellaney

¹⁶² Khurana, 'Security of Sea Lines: Prospects for India-Japan Cooperation'

¹⁶³ 'Joint Declaration on Security Cooperation between Japan and India', *Ministry of Foreign Affairs, Japan*, 22 October 2006, http://www.mofa.go.jp/region/asia-paci/india/pmv0810/joint_d.html

¹⁶⁴ 'Proliferation Security Initiative', *US State Department*, <http://www.state.gov/t/isn/c10390.htm>

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international law.¹⁶⁵ According to Bolton who initiated the idea in 2003, the PSI is the new channel for interdiction cooperation outside multilateral export control regimes.¹⁶⁶

In August 2005 the PSI's first multi-state maritime interdiction exercise was completed in the South China Sea.¹⁶⁷ Thirteen countries participated including Japan and the US to practise procedures. At first eleven nations agreed to cooperate but at present, approximately ninety nations 'support' the PSI. Japan was among the first to join and has since played a relatively active role. Bolton has praised Japan for 'demonstrat[ing] clearly the leadership role it is prepared to take in stopping the proliferation of weapons of mass destruction.'¹⁶⁸ Japan's participation has not been without controversy, particularly over the extent to which the initiative requires further reinterpretation of the Constitution yet in this instance with US pressure relatively high and the perceived threat among policymakers acutely aware of WMD threats, such unease was overcome. To many, the PSI represents the realisation by states of the importance of transnational threats which are now 'up a notch on the security agenda'.¹⁶⁹

As membership numbers shows, the initiative has not received universal global support.¹⁷⁰ India particularly opposes the PSI since among other reasons, its

¹⁶⁵ John R. Bolton, former US Under-Secretary of State for Arms Control and International Security proposed a solution 'to reinforce not replace' traditional efforts by exchanging information, strengthening legal authorities' ability to interdict and operationally searching suspected ships and aircraft. Sharon Squassoni, 'Proliferation Security Initiative (PSI)', *CRS Report for Congress*, 14 September 2006, <http://www.fas.org/sgp/crs/nuke/RS21881.pdf>

¹⁶⁶ *Ibid.* p. 1

¹⁶⁷ The PSI announced in Krakow, Poland on May 31, 2003 during a G8 meeting ran in parallel with the more activist approach the Bush Administration suggested in their National Strategy to Combat Weapons of Mass Destruction (WMD) Proliferation in December 2002.

¹⁶⁸ John R. Bolton, 'Stopping the Spread of Weapons of Mass Destruction in the Asian-Pacific Region: The Role of the Proliferation Security Initiative', *Tokyo American Center, Field Program Design*, Tokyo, Japan, 27 October, 2004, <http://merln.ndu.edu/archivepdf/wmd/State/37480.pdf>

¹⁶⁹ Author's interview with Patalano

¹⁷⁰ The primary objection stemming from questions over its legality, since the PSI operates outside of the United Nations the charge has been made that the PSI violates international law. Yumi, Hiwatari, 'Transformations of Japanese Security', N.S. Sisodia and GVC Naidu (eds.), *India-Japan Relations:*

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independence from the UN feeds perceptions that it is simply ‘an extension of existing US-headed military alliances’,¹⁷¹ and represents a dangerous application of US power. The apparent targeting of Iran also unnerves India who does not want to jeopardise relations with Tehran.¹⁷² Others question the US’ own proliferation record and object to the US ‘silence’ on whether Pakistan should be a member or target. Of central significance, India does not want to be intercepted itself.

The US has petitioned India hard to join the PSI stating that the PSI is ‘an activity, not an organisation.’¹⁷³ Some voices are growing in support of India’s membership, arguing that India would benefit from the intelligence-sharing¹⁷⁴ and that India’s rising international profile necessitates participation, yet the majority remain resistant. Once again India’s own perceptions of how their actions are read abroad in relation to the US and other partners, contributes heavily to policy decisions. The ability of Japan and India to work together in this field to combat the spread of WMDs is thus obstructed.

ii. *Arms sales*

Defence cooperation between Japan and India has escalated substantially to incorporate maritime exercises, sharing of information and increased dialogues between high-

Partnership for Peace and Security in Asia, (Delhi: Promilla & Co. and Bibliophile South Asia, 2006), p. 20. Under the 1982 Law of the Sea Convention, ships have the right of free passage on the high seas. Yet under the PSI, ships following the initiative are able to stop and search any vessels. China, North Korea, Iran and Indonesia are among the states also objecting to the initiative.

¹⁷¹ Subhash Kapila, ‘India Should Not Join Proliferation Security Initiative (PSI): A View Point’, *South Asia Analysis*, Paper No. 969, 1 April, 2004, <http://www.southasiaanalysis.org/%5Cpapers10%5Cpaper969.html>

¹⁷² Reshmi Kazi, ‘Proliferation Security Initiative and India’, *Institute of Peace and Conflict Studies, Delhi*, No. 1511, 28 September 2004, <http://www.ipcs.org/article/nuclear/proliferation-security-initiative-and-india-1511.html> (Accessed on 04/04/11)

¹⁷³ During US Secretary of State, Colin Powell’s March 2004 visit to India, he strongly encouraged India to join the PSI

¹⁷⁴ Khurana, ‘Security of Sea Lines: Prospects for India-Japan Cooperation’

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ranking officials. Despite assertions that collaboration has reached its limits, there are some voices eager to embark on additional fields of defence cooperation such as arms exports. This issue has yet to be raised in official dialogues but through its very absence, policymaking implications in Japan can be analysed.

In 1967 Japan initiated the ‘three principles’ of arms exports.¹⁷⁵ Later in 1976 these principles were upgraded to a virtual ban on all defence exports with the sole exception of sales to the US under the guardianship of the US-Japan Security Treaty in 1983. During Koizumi’s premiership arms exports were decided on a ‘case-by-case’ basis, only once wavering to allow for the sale of armoured patrol boats to Indonesia to fight piracy in June 2006.¹⁷⁶

Rumours that Japan would consider adjusting these principles further began in early 2009 with newspaper reports of an imminent relaxation.¹⁷⁷ No such lift was made, however, due to domestic variables which intercepted structurally amenable conditions.¹⁷⁸ In line with NCR’s understanding of policymaking, the important role that unit-level factors play is clear. As NCR postulates, a favourable structural environment does not always result in expected policy since the ‘transmission belt’ through which decisions are made involves unit-level interpretation and in this case political goals can sometimes trump strategic calculations. Whilst the Defense Ministry,

¹⁷⁵ For background on the arms export bans, see Andrew Oros, *Normalizing Japan: Politics, Identity, and the Evolution of Security Practice*, (Stanford University Press; New York, 2008) pp. 90–122.

¹⁷⁶ Mure Dickie, ‘Fresh push to lift Japan arms export ban’, *Financial Times*, 13 December 2010, <http://www.ft.com/cms/s/0/e0f951c8-05d8-11e0-976b-00144feabdc0.html#axzz1KL7QBPWH> (Accessed on 13/12/10)

¹⁷⁷ ‘Japan to relax arms export ban: report’, *Japan Today*, 23 May, 2009, <http://www.japantoday.com/category/politics/view/japan-to-relax-arms-export-ban-nikkei-reports> (Accessed on 23/05/09)

¹⁷⁸ For a detailed overview of Japan’s internal debate over lifting the export ban, see Hughes, ‘The Slow Death of Japanese Techno-Nationalism? Emerging Comparative Lessons for China’s Defense Production’, pp. 451-479

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business and a number of politicians have championed reform, this has been prevented due to a lack of consensus.

The Defense Ministry has been among the strongest backers of reviewing the principles. The Ministry is keen for Japan to broaden current policy to a comprehensive basis.¹⁷⁹ They claim that the inability to participate in international projects such as that to develop the Lockheed Martin Corp.'s F-35 Joint Strike Fighter, weakens Japan's international competitiveness, increases the price of weapons and limits Japan's ability to upgrade its forces. Speaking prior to the release of Japan's NDPG in 2010, the Vice Minister for Defense Jun Azumi stated, 'The merits and demerits of our current system of export controls...must be written about clearly in the defence guidelines.' 'We reckon the demerits are far greater than the merits.'¹⁸⁰

The business lobby are also keen to expand their operations into international weapons projects, protesting that current restrictions are even a security risk as companies abandon production.¹⁸¹ Defence contractors argue for Japan to maintain *kokusanka* (indigenous production).¹⁸² With rising procurement costs, few countries are able to launch projects alone, necessitating cooperation. According to a defence committee member at the Keidanren, Japan will become a 'closed nation' in military technology if

¹⁷⁹ 'Defence Ministry moves to enter global weapons trade', *Japan Times*, 1 November 2010, <http://search.japantimes.co.jp/cgi-bin/nn20101101a3.html> (Accessed on 01/11/10)

¹⁸⁰ Dickie, 'Fresh push to lift Japan arms export ban'

¹⁸¹ According to a Defence Ministry document published in April 2010, twenty-one fighter jet-related firms and 35 combat vehicle-related firms stopped production or have gone bankrupt since 2003 and Sumitomo Electric Industries Ltd., which supplies parts for Japanese fighters, 'decided not to seek contracts for the next generation of planes because of the industry's poor outlook' Sachiko Sakamaki, 'Japan Arms Ban Hurts Security as Firms Quit Industry, Business Lobby Says', *Bloomberg*, 13 August, 2010, <http://www.bloomberg.com/news/2010-08-13/japan-arms-export-ban-hurting-security-as-firms-quit-industry-group-says.html> (Accessed on 13/08/10)

¹⁸² Jun Hongo, 'Defence-only posture needs revisiting: panel', *Japan Times*, 5 August 2009, <http://search.japantimes.co.jp/cgi-bin/nn20090805a1.html> (Accessed on 05/08/09)

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the ban is not lifted.¹⁸³ Government statistics show Japan's defence budget has shrunk by 3.4% over the past eight years and weapons procurement has fallen by 36% in two decades to ¥684bn.¹⁸⁴

Domestic opinion remains divided with conservative voices such as the *Yomiuri Shimbun* saying, 'The government should face the facts and recognise that the decline of the defence industry will damage the national interest.' Adding, 'Such relaxation of the three principles does not contradict Japan's philosophy of a peaceful country.' In opposition the *Mainichi* argues, 'We cannot agree to the abandonment of the principles—which have been regarded as the core of the philosophy of Japan as a country committed to peace—in return for the development of the defence industry.'¹⁸⁵ Among the majority of the public, hesitation and caution still prevails.

Of greater significance for the formation of policy within the ruling DPJ, lack of consensus has damaged ability to reform. Several Cabinet ministers including Ministers Kitazawa, Maehara, and Ohata concurred with calls to overhaul the implicit ban. Prime Minister Kan also appeared in 2010 to be willing to contemplate the move, establishing a Committee to investigate the possibility. An expert panel recommended: 'With a careful design to contribute to international peace and improvement of Japan's security environment, it should revise the current arms export prohibition policy.'¹⁸⁶ The US

¹⁸³ Sakamaki, 'Japan Arms Ban Hurts Security as Firms Quit Industry, Business Lobby Says.' Author's interview with Asrani. According to Asrani most of Japan's manufacturing has been duplicated by neighbours. Asrani first served in Japan in 1988 and has continued to be involved in relations between Japan and India

¹⁸⁴ Ibid.

¹⁸⁵ Andy Sharp, 'Japan to Rethink Arms Exports', *The Diplomat*, 12 October, 2010, <http://the-diplomat.com/tokyo-notes/2010/10/12/japan-to-rethink-arms-exports/> (Accessed on 12/10/10)

¹⁸⁶ Masako Toki, 'Japan's Defence Guidelines: New Conventional Strategy, Same Old Nuclear Dilemma', *Issue Brief*, 1 March, 2011, http://www.nti.org/e_research/e3_japan.html (Accessed on 01/03/11)

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also placed pressure on bureaucrats and consistently advocated lifting restrictions to expand cooperation.¹⁸⁷

iii. *Implications for India*

In India there is strong support for Japan to open up its market. Whilst India does not ‘expect’ arms or munitions¹⁸⁸ and the issue has yet to be officially discussed, key-informants told the author of India’s interest in Japanese technology transfer, particularly high-tech surveillance equipment.¹⁸⁹ A number of defence analysts interviewed, voiced interest in Japanese weaponry especially if the quality matches that of Japan’s navy which is widely admired. According to Commander Parmar, the Japanese are ‘great ship builders.’¹⁹⁰ According to Chellaney, India could be Japan’s ‘biggest buyer’ should the market be opened.¹⁹¹ Politicians and bureaucrats in Japan often refer to the Constitution as the prohibitive factor yet reinterpreting the ‘three principles’ would not require revision. At the present time the DPJ remains divided but a revoking of the ban might provide the logical next step in relations. As Chellaney argues, whilst nuclear technology sales provide a relatively short-term fix, ‘arms sales are forever’.¹⁹²

¹⁸⁷ In December 2004 this successfully allowed permitted joint development of BMD. In March 2011 it was reported that the US Missile Defence Agency was again petitioning Japan to ease the ban to allow the SM-3 Block II A, co-developed by MHI and Raytheon to be available to third countries, such as Europe. Toki, ‘Japan’s Defence Guidelines: New Conventional Strategy, Same Old Nuclear Dilemma’. In June 2011, Defence Minister Kitazawa agreed. ‘Japan goes along with US missile exports’, *Japan Times*, 5 June 2011, <http://search.japantimes.co.jp/cgi-bin/nn20110605a6.html> (Accessed on 05/06/11)

¹⁸⁸ Author’s interview with Hirabayashi

¹⁸⁹ Author’s interview with Dahiya. Furthermore, according to Dahiya, India is known for keeping its contract obligations.

¹⁹⁰ Author’s correspondence with SS Parmar, July 19, 2011

¹⁹¹ Author’s interview with Chellaney

¹⁹² Ibid.

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India would certainly provide a good market for Japan. In March 2011 SIPRI reported that India had overtaken China as the world's largest importer of arms, representing 9% of global trade between 2006 and 2010.¹⁹³ In 2010 India's defence budget amounted to £32.5bn¹⁹⁴ with 70% of arms sourced from overseas.¹⁹⁵

India's military infrastructure needs, particularly ports, have also attracted the attention of Japanese business.¹⁹⁶ In line with economic growth and a rising international profile, India has expressed the desire to graduate from a 'Buyers Navy to Builders Navy'. To meet this objective India would benefit greatly from Japanese infrastructure and technological advice. Japan cannot engage in such cooperation at present, however, since as Gupta highlights, 'the majority of India's shipyards are clustered under the administrative control of its Defense Ministry [so] Tokyo's arms sales-restraint provisions will need revisiting.'¹⁹⁷

Pressure to lift the ban has brewed for years. For example in 2004 the then-Deputy Head of Mission in Delhi's noted the increased pressure on the government to liberalise export policy in arms sales.¹⁹⁸ Momentum behind revision, however, increased in 2009 as the structural environment created more favourable conditions. The increased assertiveness of China, alerted strategists to the potential of upgrading Japan's defence posture. Continued economic stagnation in Japan also brought proposals to broaden

¹⁹³ 'India is world's largest importer' of arms, says study', *BBC News*, 14 March, 2011, <http://www.bbc.co.uk/news/world-south-asia-12729363> (Accessed on 14/03/11) India currently imports the majority of its technology from the US, U.K., Russia, France and Israel.

¹⁹⁴ Harsh V. Pant, 'India's defence policy arrives at the crossroads for best buys', *Japan Times*, 20 December, 2010, <http://search.japantimes.co.jp/cgi-bin/eo20101220a1.html> (Accessed on 20/12/10) According to a recent report by KPMG, India will be spending around \$100 bn on defence purchases over the next decade

¹⁹⁵ 'India is world's largest importer' of arms, says study.' Incidentally, China has dropped to second place with 6% of the global weapons as it develops its domestic arms industry.

¹⁹⁶ According to Patalano there are fourteen ports in India which need Japanese investments. Author's interview with Patalano

¹⁹⁷ Gupta, 'Japan-India Maritime security cooperation: Floating on inflated expectations?'

¹⁹⁸ Nishigahiro, 'Political and Defence Aspects of India-Japan Relations'

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Japan's export portfolio, as was seen in Chapter 7. Indeed the debate surrounding relinquishing the export ban emerged on the tails of the announcement to enter into nuclear trade talks with India from mid-2010.

Proposals were restrained, however, by domestic politics.¹⁹⁹ Despite Hatoyama's warm feelings towards India, he proved one of the staunchest critics of revision. With a delicate budget due for approval in the Lower House and threats from the SDP, Kan opted for the status quo.²⁰⁰

Despite the elevation of elite perceptions to strategic levels, the ability of policymakers to wield the tools of state to match these desires has not yet been achieved. Lack of domestic political consensus remains a limiting factor in Japan's defence policy, demonstrating how NCR's framework considers structure to be not the only factor in policy formation, despite its overarching significance. Given the DPJ's willingness to consider compromising previously held principles over the sale of nuclear technology, the prospect of adjusting Japan's 'three principles' is not entirely unforeseeable but without a major external event necessitating change, such a move is unlikely to materialise in the near future. India remains interested in working with Japan but regarding wider defence cooperation as Gupta argues, until 'logistic support, supplies and services' are incorporated into reciprocal exchanges, Delhi is likely to continue deeming security cooperation a one-sided endeavour.²⁰¹

¹⁹⁹ 'Arms export ban to stand; budget bills Kan's priority', *Japan Times*, 8 December, 2010, <http://search.japantimes.co.jp/cgi-bin/nn20101208a7.html> (Accessed on 08/12/10)

²⁰⁰ As the publication of the NDPG approached, the DPJ needed a two-thirds majority in the Lower House to pass several pieces of legislation, securing short-term political goals rather than longer-term political aims. According to reports, prior to Kan meeting with SDP leader Mizuho Fukushima, Kitazawa remarked, 'Clinch the two-thirds even if an important matter should be sacrificed.' Kentaro Kawaguchi, 'Review of arms export ban shelved in bid to woo SDP', *Asahi Shimbun*, 9 December 2010, <http://www.asahi.com/english/TKY201012080329.html> (Accessed on 09/12/10)

²⁰¹ Gupta, 'Japan-India Maritime security cooperation: Floating on inflated expectations?'

X. Conclusion

Japan's defence and security cooperation with India has continued to deepen. Measuring progress is problematic but since frequency in exchanges and levels of rank are escalating, the trajectory is positive. Exchanges of personnel remain minor compared to the volume between Japan and the US but have improved trust. The structural environment for both states to engage more actively exists but domestic intervening factors continue to act as obstacles.

Security planning rotates around preparation for unforeseen events so Japan's ability to utilise the relationship with India to deal with future challenges will be a key qualifier of the success of recent dialogues. Japan appreciates that they cannot have an 'ordinary alliance' with India and that if India is attacked Japan will be unable to come to India's assistance.²⁰² The expansion has been incremental but no less significant as a means through which to analyse Japan's policymaking options and priorities.

A reassessment of India's strategic and practical value has coincided with China's more assertive foreign policy which existing in parallel has encouraged policymakers to actively engage with India's armed forces. Shared concerns at sea would likely have resulted in greater cooperation without China's presence but Beijing's actions have undoubtedly hastened progress. Rather than 'shared values', a greater focus is now placed on 'shared interests' most strikingly in the common uncertainty over China. Maritime security represents an important 'third pillar' which provides Japan's military

²⁰² Author's interview with Akimoto and Imaizumi

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the opportunity to test out the potential for future interactions in the form of port sharing²⁰³ or defence infrastructure transfer.

Structure was essential but once this condition was made, the manner in which Tokyo shaped its approach was open to adjustment by domestic factors. This study has paid consistent attention to the role which policymakers' perceptions play yet in security policy dissecting attitudes is more complex since diplomats in particular are especially cautious with their use of language. By collecting primary data, the author has accumulated a broad picture of where foreign policy priorities lie, demonstrating that whilst officially India hesitates from attributing interest in Japan within a China-context, this is in reality a major factor. This bodes well for Japan and its own policymaking since even though officials must accept India's resistance to open 'hedging' rhetoric as was seen during Abe and Aso's tenure, India is prepared to engage with Japan to deal with the 'China question'.

Strategic dialogue and trust-building measures characterise cooperation.²⁰⁴ Sea Power Dialogues for example provide an opportunity to share concerns and bring India into discussions.²⁰⁵ Given the prevalence of outdated images for each other's military establishments, this is a necessary stage of development. International naval cooperation, where the majority of work is being done also benefits from a quasi-apolitical character in that its benefits are to the advantage of all states in some form, if not directly then through safer passages for trade. Collaboration does not openly antagonise a third party (except of course pirates). Furthermore whilst topics such as 'disaster management' might have appeared weak or 'woolly' prior to 2004, the Asian

²⁰³ The political sensitivities attached mean such cooperation remains only a possibility.

²⁰⁴ Author's interview with Sahdev

²⁰⁵ Author's interview with Murata

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tsunami and 3/11 earthquake and tsunami have highlighted the practical advantage which coordination can bring. In the immediate term Japan is concerned by piracy off the Horn of Africa but in the longer term the South China EEZ and East of Malacca dominate strategic planning. By adopting this rhetorically scaled-back and less overt form of cooperation, Japan hopes to build a more lasting relationship with India, which accommodates Delhi's alliance-phobic attitude.

Japan has learnt most notably through the AFP initiative, that India will never be an 'ally' but can still provide an important partner for leverage. Before the millennium military contact was sparse but today regular meetings, joint exercises, cooperation in anti-piracy missions and nascent Track II security dialogue improves strategic understanding. Questions still remain regarding India's ability to act as a genuine counterbalance to Chinese power²⁰⁶ and Delhi's aversion to alliances and caution in antagonising other states, restrain the depth of cooperation. Much of the scholarship related to Japan-India cooperation continues to speak of 'prospects' rather than 'actions' but as an exercise in analysis of Japanese policymaking, the case of Japan's defence policy towards India highlights several important trends.

²⁰⁶ Evan A. Feigenbaum, 'As India "Looks East", a little problem of economics, *East Asia Forum*, 26 September, 2010, <http://www.eastasiaforum.org/2010/09/26/as-india-looks-east-a-little-problem-of-economics/> (Accessed on 26/09/10)

9. CONCLUSION

The central hypothesis of this study is that the structure of the international system, most notably the India's economic growth, the rise of China and facilitation provided by the US, initiated interest in India and continues to shape the development of policy. The constraints on relations can be attributed to domestic political factors and norms as well as perceptions of elites to their material and relative power. Both domestic and systemic variables can therefore be employed to explain the foreign policy behaviour of Japan towards India, whilst placing primacy on the role of structure.

This concluding chapter has four aims. The first is to provide an overview of the conclusions reached in the case studies. The second is to address each of the research questions posed in the Introduction, before 3) possible caveats and 4) future research avenues are identified.

I. Overview of findings

The first case-study demonstrated how the foundation of cooperation and source of all other streams has been economic. Only once India's economic potential was assured did India prominently enter Japan's diplomatic radar, evidencing how India's booming economy has provided the primary rationale. The empirical analysis detailed the opportunities which have attracted Japan and how Japan has responded. The chapter was broken into roughly two halves to analyse the role of ODA; government initiatives and private efforts by Japanese companies. The political structure of the Cold War

certainly served as a barrier to Japan but it was India's adherence to a command-economy which ultimately deterred Japan. Today, Japan's urgent need to recover from economic stagnation following low growth in the 1990s and 2000s, the desire to diversify from the Chinese market and competitive lesson of ROK, all contribute to Japanese policy. Adhering to NCR methodology domestic variables were analysed as dictating the speed and nature of Japan's economic approach. Whilst the efforts of the Japanese government were instrumental in alerting the business community, for genuine progress, a bottom-up, business-led approach has been required.

The second case study focused on nuclear policy; once the major irritant in relations and today a central field for cooperation. The evolution of Japan's nuclear posture was charted from severe condemnation of India's 1998 nuclear tests to the launch of technology-trade negotiations in 2010. In perhaps no other example can the dramatic evolution of Japan's stance towards India be seen. The importance of structural incentives was evidenced through the developments of a 'nuclear renaissance', internationalisation of Japan's nuclear industry and the US-India nuclear deal. Historically the international structure of the nuclear market, the security of the US umbrella and Japan's unique history placed India's nuclear development on the opposing end of the engagement spectrum.

NCR necessitates, however, the process of 'opening the black box' to identify which unit-level variables have proved particularly decisive. Pressure from the business community was shown to be more influential than domestic unease, whilst the latter has shaped the language and speed of negotiations. Japan is often considered one of the staunchest defenders of the NPT, but this analysis showed growing realism among elites

of its limitations. North Korean provocations as well as growing awareness of the environmental damage of fossil fuels added useful momentum. Furthermore, it was noted that as India's diplomatic hand strengthens, ROK's activism in the Indian market continues and Beijing sends further unsettling signals; Japan might compromise further on 'anti-nuclear' norms.

The final case study concentrated on security interests. In this chapter it was noted how defence cooperation has forged ahead of other aspects of relations, primarily in the maritime sphere due to shared concerns over the security of sea lanes. The structural inducements to stronger security relations were identified as the end of the Cold War, importance of energy security, China's increased diplomatic assertiveness, India's rising military profile and growing strains on US unipolarity.

The chapter noted the heightened importance of structure in security issues, which by their nature are dependent on external conditions. However, once this condition was made, the manner in which Tokyo shaped its approach was open to adjustment by domestic factors. In particular, the role of Japan's Constitution, Japanese politicians and defence officials and importantly the view of India were appraised.

An area given particular attention was the nature of political drives to engage with India, most enthusiastically during Abe's tenure as Prime Minister. Through the initiative of creating an 'Arc of Freedom and Prosperity,' the intervening role of elite ideology in forming a policy, despite its unsuitability to structure was demonstrated. The eventual 'righting' of the system through the dismantling of the 'Arc', subsequent

'Quad' grouping and recent launch of informal trilateral dialogues adheres to NCR's preference for structure as the ultimate force in dictating policy.

II. Responses to research questions

This thesis' analytical objective has been to identify which factors at the systemic and domestic-level have guided Japanese foreign policy. In reference to the research questions posed, the following section will identify how the preceding analysis has provided tentative answers.

1) What attracts Japan to improving relations with India?

Structural conditions, orientated around India's economic profile have provided Japan's dominant rationale. Through the previous three case studies, the economic advantages Japan seeks from India's growing market have been a priority. India's global presence is premised on economic growth and opportunity, in which Japan as a trading nation, is keen to participate. The US, Japan's principal ally has also made this conclusion which has facilitated Japan's interest in India. The additional structural concern with the stability of the Chinese market has acted as further impetus. Nuclear interest feeds from this belief in the future of the Indian market for Japanese technology. India's military and diplomatic profile has also grown, providing Japan with a useful associate in the region. Furthermore, with no acute historical baggage or territorial disputes, and generally positive (though occasionally inaccurate) perceptions among Japan's public and elite, India is seen as a 'logical' partner.

2) *To what extent have structural forces determined the formulation of policy?*

Structural factors established the parameters within which Japan could engage with India. Without the particular structural conditions laid out in each of the case studies in addition to Chapter 3a and 3b, India would not have featured in Japan's strategy. Nevertheless, structure alone has been unable to completely dictate policy decisions due to the actuality that foreign policy, in any state, is not produced by mindless entities but rather individuals holding particular views independent to those provided by the international system.

3) *How have unit-level factors interacted with structural imperatives?*

Conditions provided depend on adequate interpretation on the part of bureaucrats, politicians, the business community and general public. The 'transmission belt' towards policy formulation is complex. Policymakers have to receive and digest the structure within which they operate before making decisions. The preceding analysis has highlighted the complex interplay of actors present in Japanese policymaking and challenging role elites face when attempting to please voices from different quarters. Japan's India policy has demonstrated that neither purely politician-led, nor bureaucrat-led government exists.

Overall, unit-level variables have accounted for the majority of delays in Japan capitalising on the structural advantages present in engaging with India. The business community's hesitation to launch into the Indian market with the same enthusiasm as ROK firms has delayed the realisation that India would be a viable partner in other

fields. Engrained anti-nuclearism also contributed to the postponement of nuclear cooperation talks.

Norms such as non-proliferation and adherence to the US alliance still influence policymaking but this study suggests that Berger overstates their role. Interviewees pointed to constraints with anti-nuclear sentiments among the Japanese public but this served only to caution policymakers over the means through which to frame Japan's stance. Politicians in particular are keen to conform to domestic norms, given that they depend for their survival on electoral approval whilst elites are more likely to challenge norms based on the international system. This analysis of the constraints and influences on the process has required of this study considerable interview evidence in addition to academic literature.

4) Specifically, which actors/determinants have proved decisive in bringing relations from their minimal contact just two decades ago to their expanding 'strategic partnership' of today; does this differ according to the policy in question?

This study has shed light on the machinery of Japanese policymaking to highlight the multiple actors involved. Consistent with NCR the importance of perceptions among Japan's various policy-influencing bodies, reconceptualising India's role in Japanese diplomatic strategy has been evident. As Rose and Sterling-Folker argue, it is the 'fuzzy' lens of elites which ultimately decide on policy options.¹ Power among elites is not equally distributed and differs at different stages of the policymaking process.

MOFA and METI play influential, complementary roles formulating policies based on the international system but have also depended on political support to provide final

¹ Sterling-Folker, 'Realist Environment, Liberal Process, and Domestic-Level Variables', p. 19

momentum such as when Foreign Minister Okada consented to opening nuclear trade negotiations. Top-down policy initiation has not suited Japan's objectives overall, however, due to elite ideology misreading other states' goals. Such an approach is usually only successful in crisis or high-profile situations which require strong, decisive leadership. In more incremental shifts in policy, the bureaucracy and business community are better suited to fulfilling policy objectives.

Japan's India policy has witnessed several stages through which different factors have taken precedence. During the early period of post-1998 rapprochement, the US provided the major external impetus, to be followed in the mid-2000s by China's ever-growing presence in the region. This has been followed by increasing concern among Japanese policymakers to the business potential, yet to be exploited but that hampers efforts to push forward more strategic elements of policy.

Influential weight has also differed depending on the issue. Unsurprisingly, METI had played an important role in economic and nuclear strategy whilst the MOD has led on defence issues. MOFA, however, has contributed to virtually all streams as the central office through which Japan's policy is channelled. As was identified on several occasions, particularly regarding nuclear energy negotiations discussed in Chapter 7, the collaboration between MOFA and METI has been a rare instance of shared objectives. The number of politicians actively promoting Japan-India relations is small but their influential voice has encouraged the business community and improved understanding between governments. On occasion, overly-enthusiastic overtures by individuals such as Abe have unsettled progress by implanting uncomfortable ideology and rhetoric into relations which benefit from a more pragmatic focus.

5) *What can analysis of Japan's economic, nuclear and security strategy towards India identify about the nature of Japanese diplomacy?*

This thesis largely agrees with Green in that Japan has been compelled to adapt a realist approach of engaging with India due to the international system. Some bureaucrats admit they are 'reluctant partners brought together by circumstance', 'structural logic' and 'necessity'.² This research illustrates how changing regional dynamics have translated into foreign policy with important implications for Japanese diplomacy. Japan's foreign policy remains largely 'reactive' rather than 'proactive,' responding to changing structural dynamics. Regarding India, however, Japan's response has been delayed due to domestic constraints and is now playing 'catch up'. The nature of Japan's interest is not limited to political or economic objectives; in reality, the two countries are forming a 'comprehensive' partnership which encompasses a number of fields.

In keeping with Japan's diplomatic history, economic relations drive Japanese policy. India is viewed not only as a market, destination for technology (including nuclear) and potential manufacturing hub; its cooperation in the maritime sphere is essential for energy security. This study has also illuminated Japan's efforts towards free trade as well as ODA policy development, which under the 'exceptional' case of India has taken an untraditional direction.

A second, correlated conclusion, therefore is that whilst it has become commonplace to associate Japanese foreign policy with anti-China hedging, regarding India the

² Author's interview with senior official and former Director, *Southwest Asia Division, 2000-02, MOFA* 25 June 2010

predominant concern is how to lift Japan out of economic stagnation. Unease with the stability of the Chinese market has accelerated interest in India but sole rationale cannot be laid at Chinese actions. China nonetheless occupies a prominent position in the strategic thinking of Japanese elites. Virtually all those interviewed, identified China's rise as Japan's greater diplomatic challenge. As Sino-Japanese relations have faltered, those with India have strengthened, particularly in the maritime defence field.

Third, this thesis has shown that the US has played a pivotal role in steering Tokyo towards Delhi. Concerted US efforts to incorporate India into top international forums has significantly helped Japan and opened new possibilities. Other studies of Japan's bilateral relations have concluded that the US represents the single most important factor but this research deviates from this thinking. The 'green light' provided by the US has been insufficient in itself due to constraints at the domestic-level, particularly over the issue of India's nuclear status.

Finally, ROK's activism and success in the Indian market as well as through diplomatic channels have spurred Japan to follow suit. In almost every field of Japanese interest, the ROK has carved an influence. The role of the ROK on Japan's foreign policy to another state is rarely considered but as this thesis demonstrates, it has played an important role.

6) Does NCR offer a viable framework for this question?

This study's aim was never to carve out a new theoretical paradigm or provide a universal defence of one IR theory. Instead, this thesis' objective was to operationalise

the 'third-generation' branch of realism; NCR to the case of Japanese policy towards India. By so doing, the task set for the model was to assist in framing the empirical questions established in the Introduction.

NCR has proven an effective means to consider the imperative of structural conditions on foreign policy decisions whilst leaving room for unit-level variables. In each case study the thesis has demonstrated how these have interacted to shape policy. By giving primacy to structure, however, NCR avoids the overly hospitable analytical eclecticism whilst also giving greater scope than pure Waltzian neo-realism.

The limitations of a purely systemic analysis are clear since India's economic rise and assertiveness from China have emerged in the years prior to concerted efforts by Tokyo to engage with India. Furthermore, the head-start gained by ROK demonstrates the slow realisation by Japanese policymakers, guided by their own perceptions and domestic constraints. Conversely, a unit-focused analysis would not provide adequate explanation for policy decisions and this thesis has demonstrated on several instances when domestic norms, such as anti-nuclearism, should have prevented Japan launching negotiations.

The objectives of this thesis were thus met by the application of the relatively simple model of NCR. By combining structuralism with elements of constructivist thought such as the role of norms and perception, added value was given. The choice of case studies and author's accumulation of interview-material also contributed to drawing conclusions which satisfy the questions posed.

In Chapter 2 it was noted that NCR has been applied to other East Asian cases and indeed others could benefit from the model. Comparative research of Japan's bilateral policy to other states would provide useful clarification of NCR's benefits, as would research from the Indian perspective of relations with Japan. However, given the paucity of literature on Japan's India policy, there are few studies adopting differing theoretical models, which could be compared with the present analysis.

III. Caveats

As with any study there are certain caveats which should be identified. Within the confines of this thesis it was not possible to cover the whole gamut of areas in which Japan is now working with India. This is indeed testament to the progress made. One example is Japan's attempts to incorporate India into regional and global architecture such as the East Asia Summit. This case represented a clear differentiation from China's preferences for an ASEAN+3 framework rather than one including India, Australia and New Zealand (ASEAN+6). The issue was also an example where the structural factor of China played a more influential role than the US, ROK or domestic-level concerns. Stalled joint efforts of Japan, India, Brazil and Germany to gain a UNSC seat as a 'G4' could also be assessed. Unfortunately it was outside the scope and spatial constraints of this thesis to pay adequate attention to these important topics.

Due to the contemporary and fast-moving pace of Japan's policy, some of the conclusions made might well require adjustment following implementation. Officials currently engaged in policymaking were also likely to have been tentative in their responses. In order to overcome this limitation, the author gathered opinions from both

present-day and retired participants to balance responses but some guarded opinions were expected. Overall, key-informant interviews provided detailed and often candid responses to questions posed but as the Introduction stipulated this differed dependent on the policy under discussion. The author also amassed limited political source material, other than Abe Shinzo and staff of the DPJ, which prevented in-depth political analysis being other than inferred from government statements and actions.³

Since this topic was a study of Japanese policy towards India and not of Indian policy or the bilateral relationship, limited space was devoted to India's view. This would augment the value of understanding as to the nature of the bilateral but not necessary the lessons for Japanese policymaking; the analytical objective of the study.

IV. Where next?

Opinion as to the future trajectory of policy remains mixed with some scholars fearing any future initiative framed in Abe-style ideological grounds will similarly disappoint. However, given the DPJ's more pragmatic record to date, this is unlikely. Thinking is beginning to 'synchronise' or 'converge', forming an 'unstoppable upward trajectory'.⁴ None of the elites interviewed foresaw a reversal in relations, except should India again test a nuclear weapon. Space and anti-terrorism measures are future areas for cooperation and Chellaney even predicts a defence treaty at some point in the future should Chinese assertiveness continue.⁵

³ Possible reasons stem from the timing of the author's fieldwork in the months preceding Upper House elections in July 2010 and relatively few politicians who have made a stake in the relationship.

⁴ Author's interview with Chellaney

⁵ This study's conclusions, however, reject such a move in the near to medium term.

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The biggest hurdle undoubtedly comes in the nuclear field following global nervousness over nuclear energy even as few other viable options exist for economies such as India and Japan. Japan has no realistic alternative but to continue negotiations and develop nuclear energy for domestic use. As NCR understands, whilst domestic unease might delay the conclusion of an agreement, ultimately the structural necessity and influence of powerful actors such as the US and Japanese business will push the deal through. Furthermore, Japan has demonstrated its commitment to nuclear exports by passing accords with Jordan, Russia, ROK and Vietnam in August 2011.⁶ A new energy policy due by the end of 2011 will shed more light on the issue and the new Prime Minister Noda, in power since September 2, 2011 has suggested a more pro-nuclear approach than his predecessor.

Poor levels of understanding between the population and government and Indian hesitancy to antagonise China represent additional constraints. India's patience with Japan's slow decision-making process is already wearing thin. Trade and investment remain a fraction of their potential and whilst CEPA has sent positive messages, it is unlikely this will accelerate substantially due to the limitations identified in Chapter 6. The weakness of the domestic political climate is also a restraint on bold new initiatives.⁷ Should Japan turn inward as a result of the March earthquake, elites may well face continued challenges bringing India to the priority list of politicians and senior policymakers.

⁶ Dikshit, 'India, Japan to firm up strategic ties despite nuclear stalemate.' Talks are also underway with Egypt and Saudi Arabia who have not ratified a protocol allowed IAEA inspections. 'Nuke deals eyed with Egypt, Saudi Arabia', *Japan Times*, 26 December 2010, <http://search.japantimes.co.jp/cgi-bin/nn20101226a3.html> (Accessed on 27/12/10)

⁷ Weaknesses in the governments of India and the US are also a present challenge.

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Japan has been humbled by the experience of working with India and appreciate Japan is 'not currently winning the beauty contest'.⁸ Japan's diplomatic clout has not necessarily reduced but is being reassessed. As the relationship with India reaches its sixtieth anniversary, bureaucrats are preparing to reflect and tighten current avenues of cooperation. For most of the past twenty years, relations have been predominantly economic but today this stream represents just one (though prominent) of many.

Returning to this thesis' opening question, Japan today has a direction, which as seen through its policy towards India is looking outward. Japanese policy has evolved from grandiose rhetoric to a more transactional relationship. Despite much talk of Japan 'turning inward,' through a number of means explored in this study, elites from the 'land of the rising sun' are actively reaching out for the 'star of India'.

⁸ Author's interview with senior official, Embassy of Japan, Delhi, 28 February 2011. As another diplomat in Delhi analogised, Japan feels like the boy who no one loves, despite being kind and generous. Taking the analogy further, states prefer to work with the 'bad boy' (China).

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List of Interviewees

Phase One (June 2009) Tokyo, Japan

Academia

HIROSE, Takao, *Professor of South Asian Politics, Senshu University*, 13 June 2009

HORIMOTO, Takenori, *Professor of South Asian Studies, Shobi University*, 26 June 2009

Business community

MANI, APS *President, India IT Club Japan*, 18 June 2009

Ministry of Foreign Affairs, Japan

YACHI, Shotaro, *Former Vice Minister for Foreign Affairs*, 26 June 2009

Phase Two (August 2009 – July 2011) London, UK

Academia

EMMOTT, Bill, *Former Editor, The Economist 1993-2006*, 27 August 2009

FITZPATRICK, Mark, *Senior Fellow for Non-Proliferation, IISS, London*, 15 November 2010

GREEN, Michael, *Senior Advisor and Japan Chair, CSIS, Washington DC*, 11 July 2011 (via telephone)

LIMAYE, Satu, *Director, East-West Center, Washington DC, former South Asia Analyst, JIIA*, 25 August 2009

PANT, Harsh, *Lecturer, Asia-Pacific Security and Nuclear Proliferation, King's College London*, 12 April 2010

PATALANO, Alessio, *Lecturer, Japanese Military and Naval Policy, King's College London*, 21 April 2010

ROY-CHAUDHURY, Rahul, *Senior Fellow, South Asia, IISS, London*, 3 March 2010

Phase Three (May – June 2010) Tokyo, Japan

Political Parties

ABE, Shinzo, *Former Prime Minister of Japan, LDP 2006-07*, 2 June 2010 (via interpreter)

SASAKI, Kenji, *Deputy Secretary, DPJ and Special Researcher, Cabinet Secretariat, GOJ*, 28 June 2010

UCHIDA, Yuka, *Assistant General Manager, International Department, DPJ*, 28 June 2010

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Ministry of Foreign Affairs, Japan

DAIKUHARA, Aya, *Official, Southwest Asia Division, MOFA*, 19 May 2010

ENDO, Tetsuya, *Former Governor, International Atomic Energy Association and Vice Chairman, Atomic Energy Commission of Japan*, 30 June 2010

ENOKI, Yasukuni, *Former Ambassador to India, 2004-07*, 15 June 2010

HARA, Shohei, *Director, South Asia Division, JICA*, 18 June 2010

HIRABAYASHI, Hiroshi, *Former Ambassador to India 1998-02*, 21 June 2010

HIKIHARA, Takeshi, *Ambassador/Secretary-General for the Japan APEC Meetings in 2010, former Director of Southwest Asia Division, 2000-02, MOFA*, 25 June 2010

ISHIDA, Y., *Researcher, Intelligence and Analysis Service, MOFA*, 10 June 2010

ISHII, Masafumi, *Ambassador for Policy Planning and International Security Policy*, 18 May 2010

KANEHARA, Nobukatsu, *Deputy Director-General, European Affairs Bureau, MOFA*, 24 June 2010

KANEKO, Kumao, *Founding Director of Nuclear Energy Division, 1978-82, Ambassador of Japan at IAEA and NPT Conferences, Founding President, Japan Council on Nuclear Energy, Environment & Security*, 10 May 2010, 25 June 2010

KANO, Takehiro, *Director, Climate Change Division, MOFA*, 2 June 2010

KIYOTA, Tomoko, *Researcher, Intelligence and Analysis Service, MOFA*, 12 May 2010

NAGANUMA, Zentaro, *Principal Deputy Director, International Nuclear Energy Cooperation Division, MOFA*, 23 June 2010

NAKAHARA, Naoto, *Principal Deputy Director, Non-Proliferation, Science and Nuclear Energy Division, MOFA*, 14 June 2010

NODA, Eijiro, *Former Ambassador to India 1985-89*, 25 June 2010

SATOH, Yukio *Vice Chairman, Japan Institute of International Affairs*, 29 June 2010

SUTO, Takaya. *Senior Adviser, Center for the Promotion of Disarmament and Non-Proliferation*, 29 June 2010,

SATO, Hitomi, *Deputy Director, Special Assistant for Southwest Asia Issues, International Cooperation Bureau, MOFA*, 15 June 2010

SHINDO, Yusuke, *Director, Southwest Asia Division, 2009-10 MOFA*, 20 May 2010

SUZUKI, Yukio, *Official, Southwest Asia Division, MOFA*, 19 May 2010

TAJIMA, Hiroshi, *Director, Southwest Asia Division, MOFA*, 24 June 2010

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TANAKA, Hitoshi, *Former Deputy Minister for Foreign Affairs*, 14 May 2010

TANINO, Sakutarō, *Former Ambassador to India 1995-8*, 1 July 2010

YACHI, Shotaro, *Former Vice Minister for Foreign Affairs*, 12 May 2010

YAMADA, Takio *Ambassador to ASEAN, former Political Minister, New Delhi Embassy* 17 May 2010 (via email)

YOKOTE, Fuminori, *First Secretary Political, Embassy of Japan, London, served in New Delhi 1993-96, 2006-09*, 20 April 2010

YOSHIDA, Aya, *Principal Deputy Director, Southwest Asia Division, MOFA*, 30 June 2010

Ministry of Economy, Trade and Industry, Japan

TOYOFUKU, Kenichiro *Deputy Director, Asia and Pacific Division, International Trade Policy Bureau, METI*, 10 June 2010

Ministry of Finance, Japan

SAKAKIBARA, Eisuke, *President, Indian Institute for Economic Studies, Former Vice Minister of Finance for International Affairs*, 17 May 2010

KAWAI, Masahiro, *Dean ADB Institute, Former Deputy Vice Minister of Finance for International Affairs 2001-03*, 5 July 2010

Ministry of External Affairs, India

BHATTACHARYYA, Sanjay, *Deputy Chief of Mission, Embassy of India, Tokyo*, 22 June 2010

SETH, Aftab, *Former Ambassador to Japan 2000-04*, 21 June 2010

State Department, USA

OU, Andrew, *First Secretary, Political Section, United States of America Embassy, Tokyo*, 7 June 2010

Academia

DUJARRIC, Robert, *Director, Institute of Contemporary Asian Studies, Temple University*, 19 May 2010

GLOSSERMAN, Brad *Executive Director, Pacific Forum CSIS*, May 15 2010

GUPTA, Sourabh, *Senior Research Associate, Samuels International Inc.*, 26 May 2010

GURUMURTHY, Ramamurthy, *Senior Research Fellow, Indian Institute for Economic Studies*, 17 May 2010

HIROSE, Takao, *Professor of South Asian Politics, Senshu University*, 11 June 2010

HORIMOTO, Takenori, *Professor of South Asian Studies, Shobi University*, 24 June 2010

Victoria Tuke
Candidate No: 0415703

INOGUCHI, Tadashi, *Professor Emeritus of University of Tokyo*, 9 June 2010

ITO, Toru, *Associate Professor of Security Studies, South Asia, National Defense Academy of Japan*, 26 June 2010

IZUYAMA, Marie, *Chief 6 Research Office, National Institute for Defense Studies*, 13 May 2010

JANARDHANAN, Nanda Kumar, *Energy Policy Researcher, Institute for Global Environmental Strategies, Japan*, 27 May 2010

KATAHARA, Eiichi, *Deputy Director, Research Department, NIDS*, 13 May 2010

KOTANI, Tetsuo, *Research Fellow, Ocean Policy Research Foundation*, 10 June 2010

LEHENY, David, *Professor of East Asian Studies, Princeton University*, 8 June 2010

MALIK, Rabinder, *Visiting Lecturer, Keio University, Coordinator, TERI-Japan*, 26 January 2011 (via email)

MICHISHITA, Narushige, *Associate Professor, GRIPS*, 13 May 2010

MURATA, Koji, *Professor of Political Science, Doshisha University*, 1 June 2010

NISHIHARA, Masahi, *President RIPS, former President of National Defense Academy*, 26 May 2010

SOEYA, Yoshihide, *Professor of Political Science, Keio University*, 8 June 2010

TANAKA, Akihiko, *Professor of International Politics and Executive Vice President, University of Tokyo*, 24 June 2010

TANKHA, Brij, *Professor of Modern Japanese History, University of Delhi and Hitotsubashi University*, 24 May 2010

Economists

BASU, Dipak *Professor of Economics, Nagasaki University*, 22 May 2010

ESHO, Hideki, *Professor of Economics, Hosei University*, 24 May 2010

KODA, Madoka, *Senior Economist, Japan Center for International Finance*, 29 June 2010

KONDO, Masanori, *Senior Associate Professor, International Christian University*, 17 May 2010, 23 June 2010

KUMAR, Rajiv, *Director, Indian Council for Research and International Economic Relations, New Delhi*, 21 May 2010

KINOSHITA, Toshi, *Professor of Economics, Waseda*, 29 June 2010

TANAKA, Naoki, *President, Center for International Public Policy Studies, Tokyo*, 25 June 2010

YAMADA, Go, *Senior Economist, Japan Center for Economic Research*, 25 June 2010

Victoria Tuke
Candidate No: 0415703

Journalists

TANIGUCHI, Tomohiko, *Former Deputy Press Secretary to MOFA and Chief Speechwriter*, 6 May 2010

TAKEUCHI, Y. Teddy, *Journalist, Asahi Shimbun, Former New Delhi Bureau Chief 2000-04*, 26 May 2010

Ministry of Defence

AKIMOTO, Kazumine, *Rtd. Rear Admiral JMSDF, Senior Research Fellow, Ocean Policy Research Foundation*, 22 June 2010

IMAIZUMI, Takehisa, *Advisor, Ocean Policy Research Foundation*, 22 June 2010

ISHIKAWA, Takeshi, *Director, International Policy Division, Ministry of Defense*, 30 June 2010

Business Community

CHAKRAVARY, Srinivasa, *President, Touzai R&D Co.(Japan-India Business)* 17 May 2010

CHANDRANI, Jagmohan, *Community Leader, Japan*, 26 June 2010

DASH, Kunna, *President, India-Japan Friendship Club, Osaka*, 24 June 2010

RUPANI, Vashdev, *India Chamber of Commerce, Japan*, 8 June 2010

SINHA, Sanjeev, *Founding President, Sun & Sands Advisors (Japan-India Business)*, 22 June 2010

Other

OGAWA, Tadashi, *Managing Director, Center for Global Partnership, Japan Foundation Former Director of New Delhi Office*, 20 May 2010

ODASHI, Masaaki, *Chairperson, Japan NGO Center for International Cooperation*, 10 June 2010

Phase Four (February – March 2011) New Delhi, India

Ministry of Foreign Affairs, Japan

ITO, Naoto, *Minister, Political Affairs, Embassy of Japan, New Delhi*, 28 February 2011

KAWAGUCHI, Mitsuo, *Consul General, Japanese Consulate, Kolkata*, 3 March 2011

KUBOTA, Akiko, *Vice Consul, Japanese Consulate, Kolkata*, 2 March 2011

KURAMOCHI, Naoto, *Researcher, Embassy of Japan, New Delhi*, 28 February 2011

SHIBATA, Takashi, *Second Secretary, Political Section, Embassy of Japan, New Delhi*, 28 February 2011

Victoria Tuke
Candidate No: 0415703

SUZUKI, Hiroshi, *Senior Representative, Japan International Cooperation Agency (JICA), New Delhi*, 21 February 2011

YOSHIDA, Aya, *Counselor, Embassy of Japan, New Delhi*, 17 February 2011

Ministry of External Affairs, India

BAMBAWALE, Gautam, *Joint Secretary (East Asia), Ministry of External Affairs, India, New Delhi*, 15 March 2011

SETH, Aftab, *Ambassador to Japan, 2000-2003, New Delhi*, 16 March 2011

SAHDEV, Kulip, *Ambassador to Japan, 1995-97, New Delhi*, 9 March 2011

ASRANI, Arjun, *Ambassador to Japan, 1988-92, New Delhi*, 12 March 2011

Ministry of Defence, India

SISODIA, N.S., *Director General, IDSA, Former Secretary, Ministry of Finance and Defence, New Delhi*, 16 March 2011

Journalists

ARAI, Susumu, *Correspondent in Chief, Yomiuri Shimbun*, 12 March 2011

NAGASAWA, Rinichiro, *New Delhi Bureau Chief, Nikkei Shimbun*, 1 March 2011

NALAPAT, Madhav, *Professor, Manipal University and Former Coordinating Editor of Times of India*, 12 March 2011

SUGIO, Naoya, *Correspondent in Chief, Mainichi Shimbun*, New Delhi, 11 March 2011

TAKEISHI, Eishiro, *New Delhi Bureau Chief, Asahi Shimbun*, New Delhi, 14 March 2011

TAKITA, Makiko, *New Delhi Bureau Chief, Sankei Shimbun*, 7 March 2011

Business Community

NAKAJIMA, Etsuji, *Chief Strategist, Mistui & Co. India Pvt. Ltd, New Delhi*, 11 March 2011

ASHTA, Ashok, *General Manager, Business Development, Hitachi India Pvt. Ltd, New Delhi*, 16 March 2011

VARGU, Ajay, *Planning & Coordination Department, Mitsubishi Corporation India Pvt. Ltd., New Delhi*, 4 March 2011

TERASHIMA, Takayuki, *Sojitz Corporation, India Private Ltd., Kolkata*, 2 March 2011

Academia

CHELLANEY, Brahma, *Professor of Strategic Studies, Centre for Policy Research, New Delhi*, 8 March 2011

DAHIYA, Rumel, *Brigadier and Advisor, IDSA*, 8 March 2011

Victoria Tuke
Candidate No: 0415703

KESAVAN, KV, *Distinguished Fellow, Japanese Studies, Observer Research Foundation*, 1 March 2011

KHAN, Shamshad A., *Researcher, IDSA*, 7 March 2011

KONDAPALLI, Srikan, *Professor of Chinese Studies, JNU, New Delhi*, 1 March 2011

KUBO, Ken, *Researcher, South Asia, Institute of Developing Economies (IDE), Indian Statistical Institute*, 28 February 2011

MISHRA, Rahul, *Researcher, IDSA, New Delhi*, 14 March 2011

NAIDU, GVC, *Professor in Southeast Asian Studies. JNU, New Delhi*, 8 March 2011

NAYAN, Rajiv, *Senior Research Associate, IDSA*, 18 February 2011

PANDA, Jaganna, *Research Fellow, IDSA*, 11 March 2011

PANDA, Rajaram, *Senior Fellow, IDSA, New Delhi* 15 March 2011

PARMAR, SS, *Commander, Indian Navy and Research Fellow, IDSA*, 1 March 2011

Phase Five (June 2011) Washington DC, USA

State Department, USA

CLAD, James, *Former US Dep Ass Secretary of Defence for Asia Pacific Security, DoD, Senior Research Fellow, National Defence University*, 20 June 2011

PERCIVAL, Bronson, *Senior Advisor on Southern Asia and Terrorism at Centre for Strategic Analyses and East West Center, Washington DC, Former US Official in State Department*, 22 June 2011

Academia

ALAGAPPA, Mutiah, *Distinguished Senior Fellow, East-West Center, Washington DC*, 20 June 2011

GUPTA, Sourabh, *Senior Research Associate, Samuels International Inc.*, 21 June 2011

LATIF, S. Amer, *Visiting Fellow, US-India Policy Studies, Centre for Strategic and International Studies, Washington DC, formerly South Asia Director for Office of the Undersecretary of Defense for Policy*, 21 June 2011

LIMAYE, Satu *Director, East-West Center, Washington DC, former South Asia Analyst*, 22 June 2011

YAHUDA, Michael, *Professor Emeritus, London School of Economics, Visiting Scholar, George Washington University*, 21 June 2011