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Japan could become a cornerstone of Modi's foreign policy

When Narendra Modi arrives in Japan on Saturday, it will mark the beginning of a relationship that could be one of the cornerstones of his foreign policy. Officials are trying to pull off a landmark civilian nuclear deal that could grab the headlines but there are several other agreements possible that could translate faster into action on the ground – and a deepening of the strategic partnership in defence and foreign affairs could be another big takeaway.

There is a clear affinity between Modi and Japanese PM Shinzo Abe, but the two sides are also growing closer due to increasing unease over China's unapologetic desire to dominate the region.

"Bookending China, Tokyo and New Delhi are reminding Beijing that regional unilateralism is not in the cards," said Jeff Kingston, director of Asian studies at Temple University in Japan.

"Beijing has stoked an Arc of Anxiety that stretches from India to Australia and ASEAN and up through the Republic of Korea and Japan. So the key basis of enhanced cooperation is strategic alignment."

The N-deal has been stuck on Japanese insistence on a firmer assurance by India not to carry out nuclear tests. The Indians point out there is already a moratorium in place, something the United States has accepted.

Whether or not the sides find a meeting ground is still open, said government officials. It could finally come down to the chemistry between Modi and his Japanese counterpart Shinzo Abe.

"This could go down to the wire...we're still working on it," said an Indian government official.

The deal would allow Japanese companies to provide vital components for nuclear plants in India, which would ease the way for big Western investments into the sector. There will still be other roadblocks such as Indian nuclear liability laws, which make foreign component manufacturers responsible for paying out damages in case of an accident.

Anything nuclear is a difficult discussion in Japan, devastated by atom bombs in World War II and more recently hit by the Fukushima reactor disaster.

"The nuclear deal is a very, very sensitive issue for Japan, and your PM has to explain very well why he needs such sophisticated technology, and that it will be used only to improve the lives of ordinary Indians," said Takashi Shimada, president of the Indo Business Centre in Tokyo, an advisory firm for Japanese companies operating in India.

The other sensitive area in Japan is defence manufacturing, a sector that Abe is keen on building up.

The trip could also see the consummation of talks to buy the US2 Shinmaywa amphibious rescue and reconnaissance planes. If they buy a big enough number, there is a good chance that the Japanese will agree to jointly manufacture the plane in India.

As if to prove his intent, Modi is travelling with a bevy of corporate chieftains thought to be the most powerful business delegation ever taken along by an Indian PM on a trip overseas. He has tweeted about his excitement over the visit, and even taken to sending messages in Japanese over Twitter.

Expect the Delhi–Mumbai Industrial Corridor, in which the Japanese are already partners, to feature prominently. Borrowing from the Japanese is attractive because of low interest rates and a 10–year moratorium on repaying loans, so some of the deals could come with financing.

There is also considerable interest in the Chennai–Bengaluru corridor and three smart cities for which a perspective plan has already been completed: Ponneri in Tamil Nadu, Tumkur in Karnataka and Krishnapatnam in Andhra Pradesh.

The Indians want Japanese companies to set up manufacturing companies in India rather than import the white goods that they sell in the country. Korean companies have been highly successful in their manufacturing strategy in India.

One of Modi's pet ideas is bringing bullet trains to India, and Japanese technology, while costly, is widely acknowledged to be the best in the business.

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