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REPORT

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Introduction

The India-Japan Forum provides a platform for Indian and Japanese leaders to shape the future of bilateral and strategic partnerships through deliberation and collaboration. The forum is convened by the Ananta Centre and the Ministry of External Affairs, Government of India.

The aim of the Forum is to bolster cooperation, leverage opportunities, exchange ideas and build mutual trust. It is held under the Chatham House Rule and participation is by invitation only. The attendees include high level representatives from government, industry, media, academia and think tanks.

The second edition of the Forum was held on 28 and 29 July 2023 in New Delhi. It was co-chaired by Vinay Mohan Kwatra, Foreign Secretary, Government of India; N K Singh, Chairman, 15th Finance Commission, Government of India and Trustee, Ananta Aspen Centre; and Jamshyd N.Godrej, Founding Trustee, Ananta Centre and Chairman & Managing Director, Godrej & Boyce Manufacturing Company Limited.

The Forum covered a range of topics, including geopolitics, defence, supply chains, digital security, infrastructure investment and green energy. The discussions from this edition of the Forum are encapsulated through thematic takeaways.



Inaugural Session

In the inaugural session, S Jaishankar, Minister of External Affairs, Government of India and Yoshimasa HAYASHI, Minister of Foreign Affairs, Government of Japan discussed several issues of mutual interest.



Left to Right: Yoshimasa HAYASHI, Minister of Foreign Affairs, Government of Japan; S Jaishankar, Minister of External Affairs, Government of India; and Indrani Bagchi, Chief Executive Officer, Ananta Centre



KEY REMARKS BY S JAISHANKAR

Minister of External Affairs of India

1. Japan is seen as an exemplar modernizer by India and there is a lot of goodwill from history between the two countries. Their impact in domains such as the automotive industry, including cars, metro and high-speed rail have led to transformative revolutions in India. Critical technology and semiconductors provide potential for further expansion.
2. The convergence of India's "Act East" policy and Japan's desire to engage with the world has strengthened their relationship, making India a natural partner for Japan's global engagement. There is an increasing inclination to work with Japan in a number of third countries.
3. With the Indo-Pacific now being recognized as highly consequential, frameworks such as the Quadrilateral Security Dialogue are exceedingly relevant for strategic cooperation.
4. The future of the international order requires addressing challenges such as the need for resilient supply chains, trust in the digital domain, upholding democratic values and managing demographic shifts.
5. People-to-people connection between India and Japan is growing, with culture, language and food becoming central to this connect. The two countries can continue to collaborate in various areas, including strategy, economics, technology, culture, history, and geography.



KEY REMARKS BY YOSHIMASA HAYASHI

1. Passing on the outcomes of the G7 Hiroshima Summit to the G20 New Delhi Summit is crucial for coordinating efforts between the two forums. The two presidencies converge on several issues, Japan's Hiroshima Action Statement for Resilient Global Food Security and India's bid for sustainable agriculture and its Millets Mission for food security is a pertinent example.

2. Japan places high importance on cooperation with India and other South Asian countries in achieving its "Free and Open Indo-Pacific" (FOIP) plan. Japan's Industrial Value Chain Initiative which aims to improve the connectivity of the entire Bay of Bengal region, the development of the Northeastern

region of India through the Japan-India Act East Forum, and potential third-country collaborations in Maldives and Sri Lanka, are pertinent examples of the same.

3. There is a concentrated effort to expand the Special Strategic and Global Partnership with India. Both countries are working closely in defence and security cooperation, cyber and space domains, and discussions on defence equipment and technology collaboration are underway. Similarly, Japan's revised Development Cooperation Charter enables efforts to build quality infrastructure in India, including projects such as the high-speed rail connecting Mumbai and Ahmedabad.



KEY REMARKS BY YOSHIMASA HAYASHI

Left to Right: Yoshimasa HAYASHI, Minister of Foreign Affairs, Government of Japan; S Jaishankar, Minister of External Affairs, Government of India

4. Prime Minister Modi has made economic growth a top priority and has championed initiatives such as Make in India, Digital India, and Clean India. To attract investment, he has identified 15 key sectors for subsidies, resulting in a surge in Japanese investment. Prime Minister Kishida has set an ambitious goal of securing 5 trillion yen in Japanese investment in India over the next five years. These collaborative efforts demonstrate a commitment from both governments to address the challenges that Japanese companies encounter in the Indian market.

5. Both countries are committed to promote people-to-people exchange, tourism, and Japanese language education. They share a vision to break away from zero-sum thinking and foster harmony and cooperation among nations. The visit of Prime Minister Modi and the unveiling of Mahatma Gandhi's bust at the G7 Hiroshima Summit symbolize the unity of Japan and India in pursuit of peace and stability.

Key Takeaways

India and Japan maintain a strong leadership connection and a system-driven partnership. Three broad anchors underpin this relationship. The first anchor encompasses technology in products, services, and capital. The second anchor involves bilateral priority-setting within a regional context that fosters deeper integration. The final anchor is domain-specific convergences, which include global south cooperation, MDB reforms, clean energy transition and climate change. The convergence of thought in these domains also facilitates smoother functioning of broader multilateral frameworks like the Quad. The key insights drawn from Forum are summarised through the following themes:



Vinay Mohan Kwatra, Foreign Secretary of India



Left to Right: Sabyasachi Dutta, Executive Director, Asian Confluence; Takashi SUZUKI, Director General, Japan External Trade Organisation, India; S. Phangnon Konyak, Member of Parliament, Rajya Sabha; Rajan Navani, Founder & Chief Executive Officer, JetSynthesys; Myung-Ho LEE, Country Representative for Bangladesh and General Manager, Mitsubishi Dhaka; and Masahisa IKEDA, Asia Managing Partner, Shearman & Sterling and Director of Asia Pacific, Trilateral Commission



Left to Right: Sekhar M.K., Vice President, AI Products, Rakuten India; Akshat Rathee, Co-Founder, NODWIN Gaming; R K Misra, Co-Founder, YULU; SORAMOTO SEIKI, Member, House of Representatives; and Arvind Malhan, India Head, Aquiline Capital Partners



GEOPOLITICS AND DEFENCE

Left to Right: Tatsuya TERAZAWA, Chairman and Chief Executive Officer, Institute of Energy Economics; Arunabha Ghosh, Founder-Chief Executive Officer, Council on Energy, Environment and Water; Atsushi SUZUKI, Member, House of Representatives; Yoji TAGUCHI, Chairman and Director, Mitsubishi Corporation India; and Narendra Taneja, Distinguished Research Fellow, The Oxford Institute for Energy Studies

1. India and Japan are suited to speak the language of development with potential partner nations in Southeast Asia, the Pacific Islands, the south Mekong region - especially Cambodia, and the Himalayan region. They can facilitate the development of strategic infrastructure in like-minded countries.
2. As bilateral partners and through regional structures, India and Japan can work with these like-minded countries and help unmask the looming regional threats for other countries. They can then build their capacities and capabilities to deal with these challenges through economic or non-economic measures. Finally, this process can expand India and Japan's strategic outlook further.
3. They can also adopt an active role in engaging developing and small island nations in the Indo-Pacific region. By employing customised capacity and competence-building strategies in the region, they can best integrate them into the multi-layered cooperative networks of the Indo-Pacific. They can jointly finance the growth of regional defence technologies through investment instruments such as the Japanese Official Security Assistance (OSA).
4. India and Japan can strengthen their strategic infrastructure through partnerships on cyber security, data privacy and space cooperation. Critical instruments such as underwater cables and satellites can be further developed through partnership with third countries.
5. The India-Japan partnership can bring greater focus on supporting regional constructs in the larger Indo-Pacific region, such as in the Indian Ocean Rim Association (IORA) and the

Western Pacific Naval Symposium. The two can also support additional arrangements such as the AUKUS and ASEAN to strengthen strategic networks.

6. To enhance defence trade between India and Japan, the focus can be on building a larger defence partnership. This includes elements such as a robust industrial ecosystem, permeation of technology, effective involvement of the private sector and resilient supply chains.

7. The two can address hindrances to the co-development and co-production of critical defence technologies, existing export restrictions and low market incentives. They can utilise Japanese ship-building expertise and management practices in the Indian shipbuilding industry and jointly signal opportunities for investment.

8. The shared strategic challenges from China can be met with bilateral defence integration between India and Japan. They can develop focused networks under a potential India-Japan-ROK trilateral to enhance strategic cooperation and security.

9. Addressing maritime terrorism and maintaining the stability of sea lanes is critical for trade and energy transportation. This can further lead to cooperation in the management of choke point risks in the Straits of Hormuz, Malacca and Lombard.

10. Cooperation in the development of strike capabilities for the two nations can be a significant deterrent to Chinese advances in the region and prevent violations of the territorial sovereignty.



Left to Right: Ken JIMBO, Professor, Faculty of Policy Management, Keio University; Ravi Velloor, Associate Editor and Senior Columnist, The Strait Times; Naoko AOKI, Associate Political Scientist, The RAND Corporation; C Raja Mohan, Senior Fellow, Asia Society Policy Institute; Sangwoo Lim, Deputy Chief of Mission, Embassy of the Republic of Korea to the Republic of India; and Narushige MICHISHITA, Executive Vice President and Professor, National Graduate Institute for Policy Studies

STRATEGIC TECH AND DIGITAL SECURITY



R C Bhargava, Chairman, Maruti Suzuki and Chandrajit Banerjee,
Director General, Confederation of Indian Industry

1. With high import dependency on China, it is imperative to implement effective policy measures for a consistent supply of critical minerals. India is building a conducive environment for foreign companies to operate in the mining sector and the recent discovery of Lithium reserves in Jammu and Kashmir can be pivotal.
2. Through favourable policies, India can become an alternative to China in the critical mineral processing industry. Japan's strength in processing and India's potential strengths in mining can facilitate this. However, the Indian economy has to prepare for an influx of hard and soft infrastructure investments from foreign countries, especially Japan.
3. India's semiconductor mission coupled with financial support via subsidies and interest-free loans can also attract increased Japanese investments. India's incentive programmes, cost competitiveness, and collaborative efforts make it an attractive destination for Japanese investors. This appeal extends beyond being a semiconductor consumer and can position India as a potential manufacturing hub.
4. Both India and Japan have complementary strengths that can be further leveraged. Japan's strength lies in the areas of semiconductor equipment and materials. They also specialise in backend equipment and packing. India's engineering talent pool and its strength in IP is particularly noteworthy.

5. The research and development sector also offers a platform for joint effort, including the identification of technology hubs, the promotion of B2B opportunities, and alignment with government priorities.
6. India boasts the third-largest startup ecosystem globally, presenting significant opportunities for Japan to increase its investments and expand its digital footprint in the Indian market. The push for technology-linked strategic trade can also open new avenues of bilateral engagement and align multiple stakeholders in the process.
7. Japan's ability to innovate and India's ability to operationalize innovation can promote digital cooperation in other developing markets of the world as well as proliferate cooperation in the realm of outer space.
8. They can also collaborate on developing next-generation communication networks characterised by low power consumption, high capacity, top-tier quality, and minimal latency. This can be achieved by leveraging photoelectronic diffusion technology for post-5G networks.
9. India possesses substantial data reserves and excels in the software sector, whereas Japan has established robust computing power and quantum computing capabilities. Areas of potential collaboration include data sharing, electric vehicles, 6G technology, and aiding Japan in the development of a national digital identification technology.
10. India lags behind Japan in license protection for IP and copyrights which has traditionally deterred Japanese companies from entering the Indian digital market. This gap presents an opportunity for enhanced cooperation in the digital content arena.



Left to Right: Ashok Malik, Partner, The Asia Group; Tomohiko TANIGUCHI, Specially Appointed Professor, The University of Tsukuba; Michael Green, Chief Executive Officer, United States Studies Centre, University of Sydney; Kenji HIRAMATSU, Chairman, Institute for International Strategy of the Japan Research Institute; and Bajjayant Panda, National Vice President, Bharatiya Janata Party

INFRASTRUCTURE INVESTMENT AND GREEN ENERGY



Left to Right: Vikram Misri, Deputy National Security Advisor, Government of India; Rajinder Singh Bhatia, President Chief Executive Officer Defence & Aerospace Bharat Forge; Satoru NAGAO, Fellow, Hudson Institute; Rui MATSUKAWA, Member, House of Councillors; Sanjay Jasjit Singh, AVSM, NM, Vice Chief of Naval Staff; and Ken JIMBO, Professor, Faculty of Policy Management, Keio University

1. Japanese investments in the Northeastern region have bolstered connectivity and development. The connectivity corridors can further be transformed into economic corridors that inculcate digital connectivity, multi-modal physical connectivity, power connectivity and removal of inter-country barriers for trade connectivity. The Matabari deep-sea port project in Bangladesh is exemplary in this pursuit of end-to-end strategic connectivity.

2. Engaging local communities, policymakers, and local authorities can play a pivotal role in attracting financing for projects and creating positive narratives that showcase the advantages of improved connectivity. Initiatives such as the establishment of an India-Japan-Bangladesh CEOs forum, the expedited completion of comprehensive economic partnership agreements, and the increased participation of Bangladesh in the Act East Forum serve as excellent starting points.

3. The Northeastern region holds significant

investment and export potential in various sectors, including tea, natural rubber, oil, natural gas, hydrocarbon reserves, handicrafts, and handloom products. These efforts can initially focus on enhancing agricultural value chains, promoting tourism, advancing the automobile industry, and developing fintech solutions. Notably, the opening of Asia's largest hyperscale data centre in Assam in 2022 highlights the substantial potential for data centres in the region.

4. India and Japan can jointly focus on the potential of the youth demographic in Northeast India and Bangladesh. By investing in building human capacity and capability and deploying digital infrastructure to enhance connectivity, they can develop a new-age entrepreneurial ecosystem rooted in the ability to scale and utilise technology effectively. Creating a human-centric society can positively impact the future of the region.

5. Due to demographic change in Japan, there is also an opportunity for India to contribute

through its Specified Skilled Worker programme, proliferation of Japanese language experts and the introduction of a Mobility and Migration Partnership.

6. Japanese businesses are shifting their focus from China to India, and this transition presents opportunities not only for large corporations but also for micro, small and medium-sized enterprises (MSMEs). Simultaneously, discussions on bilateral market statistics can expand to encompass the broader Bay of Bengal (BoB) region. Currently, Japanese companies are primarily concentrated in Haryana, Delhi-NCR, Maharashtra, Karnataka, and Tamil Nadu, with comparatively fewer investments in the Northeast.

7. Japanese investments work exceptionally well as there is minimal industry overlap between India and Bangladesh. This lack of overlap fosters synergy and cooperation rather than conflict.

8. In terms of trade facilitation, there is an opportunity to address challenges faced by Japanese companies in both India and Bangladesh. Solutions could involve streamlining customs procedures, simplifying documentation

requirements, promoting open trade policies, and improving logistical support to enhance the business environment.

9. India and Japan can also cooperate in several African countries by introducing development models that steer away from structural debt.

10. Japanese investments can be further proliferated in the green hydrogen, green steel and electric mobility sectors in India.

11. The shift to clean energy highlights targeted areas of cooperation between India and Japan. India's strength in scaling up, cost-effectiveness, and potential as a major hydrogen exporter corresponds with Japan's import strategy, technological contributions like electrolyzers, and transportation support.

12. Climate cooperation between India and Japan can also be strengthened through tech cooperation on early warning systems, disaster resilient infrastructure, industrial decarbonization, carbon credit, carbon capture and repair of damaged ecosystems.



Left to Right: Vivek Bharadwaj, Secretary, Ministry of Mines, Government of India; Toshihiko KURIHARA, Chief Representative, Japan Bank for International Cooperation, New Delhi; Randhir Thakur, Chief Executive Officer & Managing Director, Tata Electronics; Toru NAKAMURA, General Manager, Semiconductor Production Equipment Administration Division, Canon; and Pramit Pal Chaudhuri, India Practice Head, Eurasia Group & Distinguished Visiting Fellow, Ananta Aspen Centre

IN CONVERSATION WITH NIRMALA SITHARAMAN,



Minister of Finance, Government of India and N K Singh, Co-Convenor, G20 Expert Group on MDB reforms, President, Institute of Economic Growth, and Chairman, 15th Finance Commission of India engaged in a conversation during the Forum. Following are the key highlights from the discussion.

1. The rapid and consistent reforms in the Indian industry can attract improved Japanese investments. These reforms include physical and digital infrastructure development, fresh public and private investment opportunities, increased innovation and inclusivity.

2. There is convergence of thought between India's G20 and Japan's G7 Presidency. They can enhance cooperation through MDB reform, redressal for debt distress, regulation of crypto-assets, development of digital public infrastructure and building resilient infrastructure for cities of tomorrow.

3. Japan's initiative to form a creditors' group with India and France has played a critical role in supporting Sri Lanka. Similar efforts can be jointly undertaken by India and Japan in other countries.

4. India and Japan can also utilize the Indo-Pacific Economic Framework for Prosperity (IPEF) to extend cooperation in third countries for several issues including disaster relief and infrastructure development.

5. MDB reform should not only address poverty and prosperity-sharing objectives but extend to newer issues of climate and capacity building in the digital arena. Setting clearer objectives and the availability of sufficient resource pools can facilitate speedier responses to these issues.

The Forum facilitated dialogue with over 100 participants not only from India and Japan but also with experts from across the globe. It addressed several bilateral, regional, and global issues of mutual interest. The Forum's commitment to foster convergence of thought aligns with the pursuit of greater cooperation. The next edition of the Forum will be held in 2024.



Left to Right: Nirmala Sitharaman, Minister of Finance, Government of India and N K Singh, Co-Convenor, G20 Expert Group on MDB reforms, President, Institute of Economic Growth, and Chairman, 15th Finance Commission of India



(L to R) **Tarun Das**, Former DG, Confederation of Indian Industry, Chairman, Sasakawa India Leprosy Foundation and Founding Trustee, Ananta Centre; **Geetanjali Kirloskar**, Chairperson & Managing Director, Kirloskar Systems; and **Indrani Bagchi**, CEO, Ananta



Tarun Das, Former Director General, Confederation of Indian Industry, Chairman, Sasakawa India Leprosy Foundation and Founding Trustee, Ananta Centre



Vivek Bharadwaj, Secretary, Ministry of Mines, Government of India



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Vikram Misri, Deputy National Security Advisor,
Government of India

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