

From New Delhi by Susan Maitra

Japan Inc. comes to town

Frank discussions brighten the prospect for expanded economic collaboration between the two countries.

Indo-Japanese industrial collaboration has virtually unlimited potential, Japanese business leaders and government officials told their Indian counterparts during eight days of "free and frank" exchanges here, provided the weaknesses in India's infrastructure, including power, transport, and telecommunications, can be overcome. The delegation received official assurances that infrastructure would be getting heavy priority in the Seventh Five Year Plan now being prepared.

Japan appears willing to help with this job. Two collaboration projects—one a power plant, the other a project to upgrade steel production capacity—are now under negotiation. There is also active interest in the Indian telecommunications sector, with five leading firms in a dialogue with Indian companies on collaboration possibilities.

The 52-man Japanese delegation landed in Bombay on Nov. 30, and traveled to New Delhi on Dec. 2 where they met top government officials, including the prime minister's Principal Secretary, P.C. Alexander. The group also participated in the 17th meeting of the Japan-India Business Cooperation Committee (BCC) of the joint Chambers of Commerce and Industry.

As mission leader, Goro Koyama told a press conference that Japanese businessmen were impressed with India's great industrial potential and with the country's stability. There has been some hesitation about proceeding with the visit in the wake of Indira Gandhi's assassination, but as Koyama ac-

knowledged, the delegates gained an important firsthand insight into India's political stability: "There was no political vacuum and we noticed how courageously and calmly you faced the situation," he said.

The visit of the largest and most high-powered Japanese delegation since the MITI mission of October 1983 was planned in the course of Prime Minister Nakasone's March 1984 state visit to India. According to N.K. Singh, economic minister in the Indian embassy in Tokyo, it signals a "new approach" in the economic relations between the two countries.

The ground was broken for this dialogue when the Indo-Japanese Study Committee of the Planning Commission under the leadership of Reserve Bank Governor Dr. Manmohan Singh invited Japanese businessmen with experience in India to present their perceptions on investment prospects in the country at a seminar in July 1982.

Next to infrastructure, Japanese concern centered on India's liberalization of foreign investment, technology, and trade policy begun in 1980. Indian officials assured their counterparts that since the policy was based on a careful assessment of the technological requirements for the country's industrialization program, it would therefore be continued. The Japanese team was frank in identifying the source of their concern: The large adverse trade balance of more than \$320 million which India had built up with Japan and has not so far found

a way to reverse.

Indian and Japanese businessmen agreed that trade expansion was not high enough to meet the BCC target of \$5 billion by 1986. In 1983, Japanese imports from India totalled \$1.3 billion, a 0.7% increase over the previous year, while exports to India rose 1.6% to \$1.43 billion. Imports from Japan are concentrated in several areas: iron and steel products, machinery, fertilizer and chemicals, synthetic fibers, and photographic materials.

Indian exports to Japan are even more concentrated: prawns, gems and jewelry, and iron ore. Expanded iron-ore exports have been prevented by inadequate port facilities and inefficiencies in production and handling which have pushed prices above internationally competitive levels. Indian businessmen want to expand exports to include leather, engineering goods, textiles, household furnishings, and so forth.

So far, the biggest growth area for Japanese involvement in India has been industrial collaboration. Though the Japanese are still out-numbered by the Americans, West Germans, and the British, their collaboration ventures jumped from 27 in 1981 to 53 in 1983 and to 93 in only the first six months of 1984. The bulk of these are in the auto and auto parts sector; telecommunications and electronics is anticipated as the next area of expansion.

The Japanese team believes that with firm steps on the Indian side to assure that the technology imports are actually productive, the trade imbalance will prove temporary. Meanwhile, they have presented a provocative proposal to the Indian Ministry of Finance—that Japanese trading companies, if allowed to operate in India, could make their international networks available for export of Indian products.