

From New Delhi by Susan Maitra

New focus on Indo-Japanese ties

There has been a marked broadening of contacts between the two nations over the past year.

A day after Japan took the prize for excellence in its exhibition at India's International Trade Fair, industry leaders from the two countries sat down to talk business in Tokyo. Days earlier, "Japan Month" had closed in Delhi—a *tour de force* kicked off in mid-October with a special performance by Japan's Noh theater, and which included a concert by Japanese conductor-composer Mattori with the Delhi Symphony Orchestra.

On Nov. 11, at a seminar in Tokyo, organized by the Indian Investment Center and attended by 100 Japanese business executives, the Japanese announced that a high-level delegation will be dispatched to India and Pakistan in mid-January.

On Nov. 29 in Delhi, Japanese Deputy Foreign Minister Hiroshi Kitamura reported that, following talks with the Indian commerce secretary and other officials, Japanese businessmen now had an improved political perception of India. A Japanese panel of experts will present a comprehensive report on India's political and economic situation within six months to guide future initiatives toward India.

These developments are symptomatic of a rapidly broadening relationship. On the Indian side, there is a definite surge of interest in Japan as part of a new-found interest in the rest of Asia generally.

A four-day "Asian Relations Commemorative Conference" here in early October sought to revive the focus on Asia. A proposal that Japan

channel its financial surpluses, presently invested outside the region, into Asia was put on the table. The proposal is aimed both at fueling the economic growth of Asia's developing economies and also helping boost world economic growth. The same meeting discussed the need for an Asian framework for technology transfer, whereby the continent's technologically superior nations could assist those lagging behind.

As this magazine and its founder Lyndon LaRouche have repeatedly emphasized, Asia is the key to world economic growth in the coming period. This region contains nearly one-quarter of the Earth's population and immense human and material resources waiting to be developed. The India-Japan connection is critical to this prospect.

But India and Japan are only now discovering each other, after a 30-year hiatus. As Dr. Fuji Kamiya, a close adviser to the Nakasone cabinet, explained to a Bombay symposium recently, Indo-Japanese ties were good in the early part of the Nehru premiership. But the Japanese had long faced the dilemma of "to open or not to open." For some time, Japan followed a policy of dissociation from Asia, and even more so from India.

This is changing and Japan must now focus more on its Asian identity. For one thing, Japan has no "historical complications" with India, and no outstanding political conflicts. In the 1990s and 21st century, Japan will play a more constructive role in Asia, for

its interests cannot be divided from those of the other Asian nations.

Japan considers exchange of views with India important because of India's role as an "opinion leader" in the developing world. Japan has also expressed interest in extending economic ties with the South Asia Association for Regional Cooperation (SAARC). The new Takeshita government's Nov. 22 announcement that it was committed to seeing through the Nakasone government's call for a "new Marshall Plan" for the developing sector was given prominent press coverage here.

The bottom line of India's concern, however, is its bilateral economic relationship—the subject of the meeting of the Joint Business Council in Tokyo. Though Japan has become the single largest aid donor and India's third biggest trade partner, as a fraction of Japan's total trade and investment, Indian business is still minuscule. It grew in absolute terms following Nakasone's 1984 visit to India, but this year, both collaboration and investment dropped below year-earlier levels.

Moreover, with a total trade of about \$3 billion, the Indian deficit is running at about \$900 million. Diversifying out of iron ore, shrimp, and diamonds—now 70% of India's exports to Japan—is the solution, but one which has proved difficult. Though Jetro, the Japanese trade agency, has held exhibitions of Indian engineering and other products, lack of market research and quality control on the Indian side has stalled follow-through.

The Joint Business Council considered this problem, as well as technology transfer and prospects for collaboration in research on non-conventional energy sources. According to reports, Japan is also interested in joint projects in the petroleum sector.