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## **ABOUT THE AUTHOR**

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# INDIA AND JAPAN: **Reconnecting in the Bay of Bengal**

## **ABSTRACT**

Having long been a backwater of the Indian Ocean, the Bay of Bengal is now rising in economic and strategic significance. Home to important trade routes, energy reserves, and developing economies, the Bay is witnessing a scramble amongst global powers such as Japan, India, the US, China, and Russia in building their connectivity as well as defence relations. This paper argues that India, currently anxious about the growing Chinese presence in the Bay, can benefit greatly by cooperating with Japan, who for its part has been competitively investing in the region. In building deeper economic relations, India and Japan should also be able to advance their strategic ties and create a balance in the Bay of Bengal that would aid in the Bay's peaceful development and rise.

## **INTRODUCTION**

The end of the Second World War in 1945 paved the way for transformations that would shape the South Asian theatre for decades to follow. States, in their desire to promote economic development, adopted more inward-looking policies. During this time, security threats were also focussed on land frontiers, rather than the maritime domain, leaving the Bay of Bengal region essentially a backwater for a long time. The region, characterised by poverty and instability, was also constrained by low level of economic integration amongst the Bay states. By the 1980s, Burma, due to its brutal military suppression of pro-democracy supporters, faced isolation from the

regional and international community.<sup>1</sup> Bangladesh, for its part, was in its nascent stages of development, while India, in order to maintain its strategic autonomy, chose to pursue a policy of non-alignment. Strategically speaking as well, after the 1971 Enterprise Episode in the Bay of Bengal, US energies in the Indian Ocean were diverted towards the Middle East.

Today the Bay of Bengal is rising: not only in economic importance, but strategically, too. It serves as an important transit zone between the Indian and Pacific Oceans, and is home to important Sea Lines of Communication (SLOC), a huge amount of trade, and developing middle-income countries, such as Bangladesh, Myanmar, Thailand and Sri Lanka who are all willing and eager to engage with South East Asia and East Asia.

A number of political and economic developments are also currently transforming the region. In Burma, a process of democratic reform following the fall of military rule, has prompted renewed cooperation from many states. China, meanwhile, in its quest to connect its landlocked provinces to the Indian Ocean through the Bay, has started a large number of connectivity projects including the construction of ports, roads, pipelines and railways. Indeed, what the Bay of Bengal is witnessing is nothing short of a scramble by China, India and Japan to build connectivity throughout the region.<sup>2</sup> These global powers, though, have their eyes set not only on economic opportunities in the Bay; further, they are engaging in strategic manoeuvring, alongside other powers like the United States and Russia, in building defence relationships in the region.<sup>3</sup> The US, through its 'rebalance to Asia' policy, has renewed its military engagement with Burma and is also deepening cooperation with India. Russia, for its part, has found a growing defence market in Pakistan. There has also been growing strategic engagement between India, Japan and the US in the form of maritime naval exercises such as Malabar in 2015.

Fuelling this growing strategic competition is the fact that certain Chinese actions in the Bay region have been a legitimate cause of concern amongst some Bay states, and primarily India, which shares a 1,000-km coastline with the Bay. For Tokyo as well, Beijing's quest into the Bay of Bengal and the Indian Ocean Region has provoked concern, given that relations between the two Asian giants have faced challenges especially over

their territorial dispute in the East China Sea (ECS). Tokyo holds the position that China's assertive actions in the South China Seas (SCS) cannot be replicated in the ECS or even the Indian Ocean. Though there is no immediate cause for alarm, as analysts reckon it would take at least 10 or 20 years before such scenario completely plays out, still, exercise of prudent foreign policy decisions by India and Japan at this juncture would go a long way in ensuring peace and stability in the Bay.

Despite Japan's invasion and occupation of Burma and the Andaman Islands at the start of the Second World War, its engagement with the region has since grown positively. Starting in the 1950s, Japan has been one of the largest donors of Overseas Development Assistance (ODA) to many Bay states. With India, Japan's ties, which initially developed due to a convergence of economic interests, have also evolved a new strategic element.<sup>4</sup> In 2014, Prime Ministers Shinzo Abe and Narendra Modi upgraded the two nations' relationship to that of a 'Special Global and Strategic Partnership'. Further, the recent Indo-US 'strategic vision' document on the Asia Pacific and the Indian Ocean, with its implicit criticism of China, indicates that the trajectory of Modi's Asian strategy converges sharply with Abe's.<sup>5</sup>

For India, Japan's ambitious plans to provide it the sort of modern infrastructure, technical expertise and manufacturing base that India lacks for its development is crucial. Japan, meanwhile, views deeper engagement as a channel for an economic boost, and a guarantee that Asia has more strategic ballast against China. In the larger strategic matrix, this would help in building an alternative supply chain network, giving Asia a viable alternative to the China-dominated networks currently at play. Further, as Asia's second and third largest economies both nations also have the capability of shaping the region in a positive way. India and Japan both profess to uphold universal values, such as democracy, freedom of navigation, open economy, the rule of law, and human rights, which are important to foster order and growth in the region.<sup>6</sup>

This paper makes an assessment of the role of Indo-Japanese cooperation in the Bay of Bengal region. It argues that Japan and India, through continued cooperation and deepening of ties, will provide a balance

that can shape the Bay's peaceful rise and aid its economic growth. This engagement would also boost Japan's strategic cooperation with India in the Bay in other spheres such as Exercise Malabar, Humanitarian Assistance/Disaster Relief (HA/DR) activities, and anti-piracy operations. Thus, providing further benefit for both nations, as well as for other states in the Indo-Pacific region.

The first two sections of this paper set the Bay of Bengal in its historical context, and highlight the reasons underlying its rising importance. The third and fourth sections analyse China and Japan's activities in the Bay of Bengal. The fifth section discusses growing Indo-Japanese activities in the Bay of Bengal, and the sixth probes India's evolving perceptions in the Bay due to the changes that have taken place over time. The paper closes with a review of the state of Indo-Japanese strategic cooperation and the new imperatives that could drive it further.

**Figure 1: The Bay of Bengal**



## THE BAY OF BENGAL: HISTORICAL SNAPSHOT

The Bay of Bengal is the largest bay in the world and forms an important part of southern Asia. It is a northern extension of the Indian Ocean, positioned between India and Sri Lanka in the west, Bangladesh to the north, and Myanmar (Burma), Thailand and the northern part of the Andaman-Nicobar to the east. It is approximately 1,600-km wide, with an average depth near 2,600 meters. The Bay occupies an area of about 2.2 million sq km. Historically, the Bay of Bengal region has played a crucial role as a maritime highway of sorts – where trade, commerce and cultures were intertwined for centuries. It served as a battleground for the European empires in the South Asian region. In the period from 1600 to the 1800s, the Bay of Bengal witnessed an intensification of trade primarily by the Portuguese and the Dutch. By the 1820s, it was the British Empire that had a firm grasp around the Bay's coasts.<sup>7</sup> In fact, during the time of the British Raj in the 19th century, the Bay region was under one rule without geographical borders. The Imperial powers reconfigured the Bay in their quest for spices, coffee, rice and rubber.

During the Second World War, the imperial Japanese Army reached the Bay area when they occupied what was then called Burma. However, they stopped short at the boundary of Burma due to the popular Japanese perception that India was not part of Asia. Instead in 1942, they went south of Burma, into the Bay of Bengal and occupied the Andaman Islands. Under the leadership of Indian leader Subhas Chandra Bose and several other Indian revolutionaries who were fighting for independence from the British, Japan set up an army of Indian Prisoners of War known as the Indian National Army. However, their occupation came to an end as India's strategic location at the tip of the Indian Ocean, its massive production of armaments, and its huge armed forces defeated the Imperial Japanese Army, and played a decisive role in halting their progress into the South-East Asian theatre. After the end of the Second World War, new nations emerged in the post-colonial period, and things changed drastically. Boundary disputes characterised geopolitical tensions in the region, and nation-building projects of the littorals forced them to look more inward.

Commercial and cultural interactions across the Bay of Bengal suffered as political tension and mutual suspicion characterised relationships of the newly created nation-states.<sup>8</sup>

Today, due to its geological, economic, political and strategic characteristics, the Bay emerges as one of the most significant regions in the world. What stands out significantly is that while the 18th-century Bay of Bengal was an arena for strategic competition between rising powers, today this strategic competition involves mostly regional, and not Western, powers.<sup>9</sup>

### **THE IMPORTANCE OF THE BAY OF BENGAL**

The Bay of Bengal has risen to become one of the most important locations in the Indo-Pacific. Firstly, the BOB with its ideal geographic location, serves as an important bridge, physically connecting the Pacific and Indian Oceans. This enables South Asia to be connected with South East Asia and East Asia. For other Bay states such as Bangladesh and Myanmar, the Bay of Bengal also forms crucial entry points to non-littoral states in the Bay such as India's Seven Sisters (Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura), China, and Japan. Thus for developing Bay states, as well as emerging world powers such as India and China, the Bay serves as a linchpin for continued prosperity and growth, as it serves as a bridge between South Asia, South East Asia and East Asia. The Bay of Bengal's importance is further buoyed by the fact that it receives inflows from many large rivers, and is endowed with rich natural resources including oil and gas reserves and marine products. The Bay's tremendous economic potential due to its largely untapped natural resources, makes it strategically central for its littorals. According to the 2011 British Petroleum (BP) Statistical Review of World Energy, approximately 100 trillion cubic feet, or one percent of the world's total unexploited oil and gas reserves are located along the coasts of Myanmar, India and Bangladesh.<sup>10</sup> The Japanese government, despite the resumption of its nuclear power plants following the massive 2011 Fukushima accident,<sup>11</sup> is still trying to find alternate sources of power. Looking outward to feed its growing energy demands,

Japan has become the third largest importer of oil from the Bay of Bengal, after the US and China; Japan imports 4.4 million barrels of oil per day. Further, the Bay of Bengal enhances the development of the Bay states. This part of the Asian littoral hosts a huge population and many Bay states: Bangladesh, Sri Lanka and Myanmar are experiencing high growth rates. Myanmar and Bangladesh, with populations estimated at 60 million and 160 million, respectively, can provide cheap labour making them attractive manufacturing investment destinations, and future consumer markets for Japan and other nations.

By liberalising their economies these Bay states are aspiring towards the development achieved among the wealthier ASEAN states. The economic growth for 2015 is projected at 6.4 percent for Bangladesh, 7.5 percent for Sri Lanka and 8 percent for Myanmar, with similar rates projected for the following years. These countries need the Bay for their internal development, their connectivity to the rest of the region and for strategic purposes. These new strategic opportunities are also pushing these nations to modernise their infrastructure and increase connectivity.<sup>12</sup>

There is also the matter of the Bay of Bengal being home to important Sea Lines of Communication (SLOC). It opens up into the Indian Ocean, and also leads to the South China Sea (SCS) through the Strait of Malacca, thus connecting South Asia with other very crucial SLOC in the Indo-Pacific. Due to the large amount of trade flowing through this region, the protection of these SLOC has become a priority for Bay nations, the US, Japan, as well as extra-littoral players that have significant investments in the Bay. This need for protection of these SLOC has also added to the importance of increasing maritime power projection capabilities in the Bay of Bengal.<sup>13</sup>

In addition to securing the SLOCs, countries like Bangladesh are also putting an emphasis on delimitating their maritime boundaries to demarcate and secure blocks of natural resources.<sup>14</sup> What stands out in the Bay region is the fact that amongst the littoral nations, a trend has emerged in settling disputes before international legal forums, rather than using bilateral mechanisms such as those that China has adopted to navigate its territorial conflicts in the South China Sea. Examples of this can be found in the Bangladesh-Myanmar and Bangladesh-India maritime boundary

disputes in the Bay. Thus despite instability in some of the littoral states, the overall mechanism for dispute resolution has proven stable. This in turn has built more investor confidence in and around the Bay for local and global actors mainly in the energy sector.<sup>15</sup>

Despite its rising importance, however, the Bay of Bengal remains host to a number of problems. These include separatist insurgencies and religious violence in most of the littoral states; maritime boundary disputes relating to oil and gas; widespread piracy and smuggling; and many environmental security problems, not least the serious threat of large parts of the littoral being inundated by rising sea levels caused by climatic changes, potentially displacing millions.

### **CHINA IN THE BAY OF BENGAL**

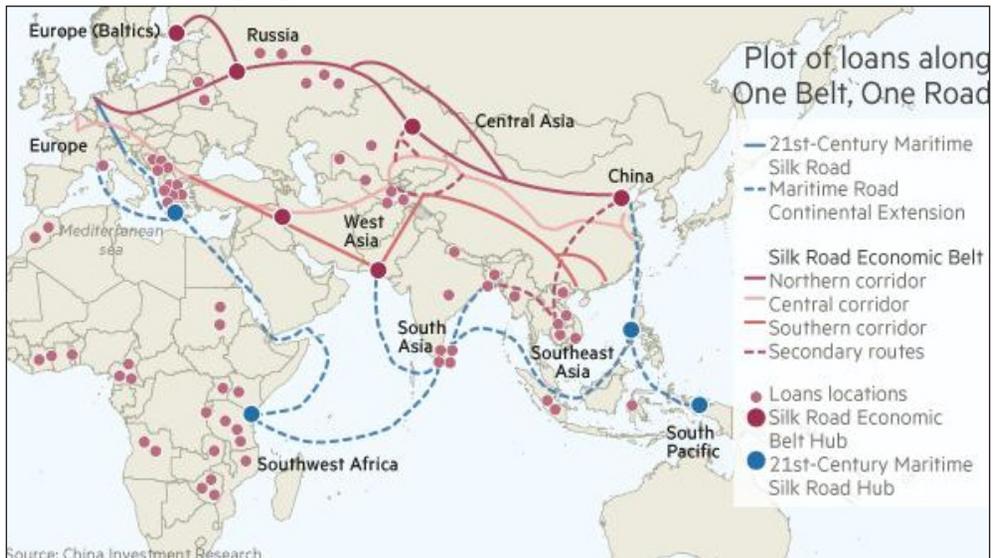
China's growing maritime footprint in the Bay of Bengal can be gleaned through its politico-economic and strategic initiatives in the region. Economically, in just over a decade, China's foreign trade went up from \$289 billion to an astounding \$2.560 trillion in 2005.<sup>16</sup> In order to support this remarkable economic growth, China needed to find reliable oil supplies and secure SLOCs; gaining access to the Bay has thus become an imperative for China.<sup>17</sup> In this regard, China's foreign policy has been extremely active, with China seeking port access agreements and various other projects with littoral countries of the Bay.

China's landlocked South Western Yunnan province is the linkage point between China's southwest, the Southeast Asian peninsula, and the South Asian subcontinent, and acts as the core belt of both the China-South Asia and China-Southeast Asia economic circles. The Bay of Bengal is the closest body of water to this province. Thus Beijing, understanding the importance of binding countries in the Bay of Bengal and the northern Indian Ocean closer to the Chinese economy, has initiated a large number of projects in the Bay of Bengal such as building transport corridors, energy pipelines, and new ports. China has built, for example, oil and gas pipelines linking its Yunnan province to Myanmar's Arakan coast in barely four years. It also has plans to build high-speed train links from Yunnan into Thailand, Myanmar

and Bangladesh. In Sri Lanka, China is responsible for almost 70 percent of the country's infrastructure projects.<sup>18</sup>

In 2013, Chinese President Xi Jinping announced the One Belt, One Road (OBOR) initiative. At the heart of this lies two distinct routes officially called “The Silk Road Economic Belt and the 21st Century Maritime Silk Road”.<sup>19</sup> The land belt aims to develop China's landlocked western provinces and enable them to access the markets of East Asia, the Middle East and the South Asian subcontinent.<sup>20</sup> The Maritime Silk Road initiative consists of the building of a network of ports and other coastal infrastructure from China's eastern seaboard stretching across South East Asia, South Asia, the Gulf, East Africa and the Mediterranean.<sup>21</sup>

**Figure 2: China's proposed One Belt One Road initiative**



Source: China Investment Research

Both these initiatives are important to India, as well as to the Bay region for a number of reasons. The silk road would house major ports in the Indian Ocean and the Bay of Bengal. The port of Gwadar, in the Baluchistan district of Pakistan is significant because through the China-Pakistan Economic Corridor, the road and belt intersect. Further, of interest to India is the belt constituted by the Bangladesh, China, India and Myanmar (BCIM) corridor, which is designed to connect Yunnan in southern China with Myanmar,

Bangladesh and eastern India. This corridor, rich in natural and human resources and home to nearly 500 million people, has the potential to generate enormous economic benefits in the arena of trade, investment, energy, transport and communication.<sup>22</sup> At the same time, strategically, the Bay provides China access to the Indian Ocean. Approximately 80 percent of China's energy imports pass through the Malacca Strait which makes Beijing vulnerable as this region is susceptible to terrorist and pirate attacks, as well as China's growing uneasiness regarding the US policy of its 'rebalance to Asia'. Thus, one of its main objectives has been to address this "Malacca Dilemma", and also to reduce its reliance on the Malacca strait. China is therefore exploring other options, which would allow it to bypass the Strait, by transporting resources through roads and sea from the Bay of Bengal.<sup>23</sup>

Although China has long claimed that these interests in the Bay of Bengal are purely economic, its other initiatives – such as the building of port infrastructure, the MSR and the OBOR – have raised concerns about China's long-term geopolitical strategy.<sup>24</sup> Delhi, Tokyo and Washington are particularly wary of the security cooperation between China and various Bay states and the strategic significance of Chinese control over port infrastructure in the region, as this could have a major impact on the balance in the Bay.<sup>25</sup> China is in the first phase of building a port at Gwadar in Pakistan, in the Arabian sea, alongside another port at Hambatota in Sri Lanka, which according to Beijing is intended for docking and refuelling the People's Liberation Army Navy (PLAN) as they patrol the Indian Ocean protecting their Saudi oil shipments.<sup>26</sup>

However, Chinese boats docked in Sri Lanka in 2014 – upsetting India considerably – and yet again when China deployed a Shang-class nuclear submarine for anti-piracy patrols, regarded as not just 'unique' but a case of 'disproportionate response'.<sup>27</sup> Further, another PLA Yuan-class 335 submarine docked in Karachi for a week in May 2015.

**Table 1: Chinese investments abroad, with the potential of being used by Chinese naval vessels.**

COUNTRY	LOCATION	STATUS	USE	MILITARY FACILITIES*	DETAILED FACILITIES	TYPES OF SHIPS
PAKISTAN	Gwadar	Operational	Mostly civilian but also military	A,B,C,D	Deep water port, Signals Intelligence (SIGINT) facility	No data available
BANGLADESH	Chittagong	Operational	Military/ civilian	B,D,C	Container port, largest navy base, logistics bunkering facilities	Small and medium warships
MYANMAR	Ramree Island (kyaukpyu)	Operational	Military	A,B,C,D	Naval base, monitoring station, refueling station	No data available
	Hainggyi Island	Operational	Military	A,B	Naval base, monitoring station	No data available
	Thilawa	Operational	Civilian/ military capabilities	A, D	Monitoring station, shipyard	Ships → 10.000 ton deadweight (Myanmar has only few)
	Zadtkyi Kyun Island	Operational	Military	A, B	Naval base, maritime surveillance radar	
SRI LANKA	Hambantota	Expected	Civilian/ military capabilities	B,C,D	-	Military vessels, possibly nuclear submarines
*Types of military facilities: A. Intelligence Gathering Station B. Refueling Station C. Rearmament Station D. Repair Facility E. Headquarters						

Source: HCSS report

It is clear that China cannot, and should not be contained. Indeed Chinese engagement in this region will provide huge benefits and growth to the Bay states, as well as SE Asian and East Asian nations. However, such kind of manoeuvring by China, especially in light of their activities in the South China Sea (SCS) is bound to cause worry not only for Bay states, but other major powers, too. Though it would take long before this logistics chain in the Indian Ocean becomes fully functional, it is something to start exercising caution over. Moreover, if escalated, these activities may tip the already delicate balance in the Bay, hindering growth. Thus major powers such as India and Japan, individually and collaboratively, and by increasing

healthy economic competition in the Bay can mould this area, while ensuring that China's engagements remain purely economic.

## JAPAN IN THE BAY OF BENGAL

For Japan the main objective after regaining sovereignty in 1952 was to rebuild its war-torn economy, inhibiting them from paying strategic and political attention to this region. Instead the Japanese government was keen to establish closer ties with countries which could provide raw material, or could serve as a market for its manufactured goods or provide a congenial environment for investments.<sup>28</sup> As the South Asian countries—impoverished by long years of colonial rule—were not in a position to serve Japan's economic interests, Tokyo directed its policies towards South East and other East Asian nations such as South Korea and China.

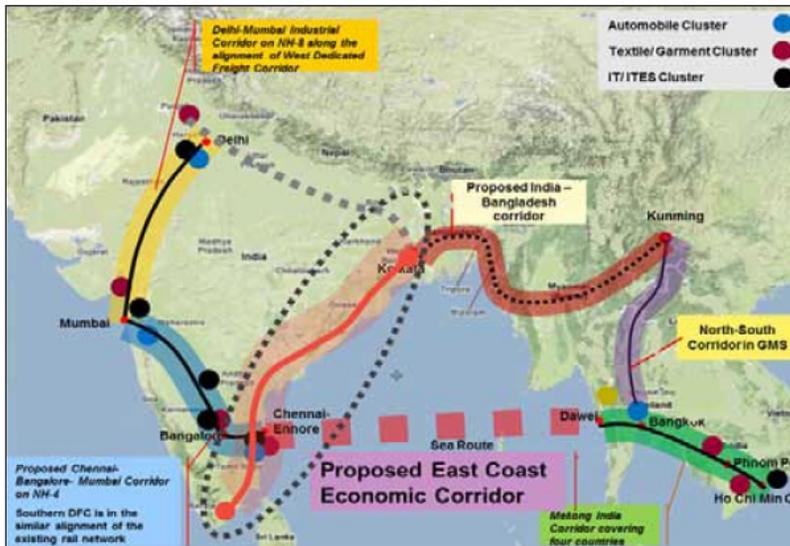
However, Japan's foreign policy has shown its highly reactive nature to external pressures, and on many occasions (such as during the Nixon shock), it has shown remarkable adaptability as well.<sup>29</sup> Similarly, as Asia undergoes large geopolitical and geostrategic changes, Japan is beginning to adapt its policies to the region. Since coming into power in 2012, Prime Minister Shinzo Abe, whether to boost Abenomics, or achieve the Abe administration's new banner of being a nation that “proactively contributes to peace,” or both, has ensured that it build stronger ties with many of the Bay states. In 2013, Sri Lankan President Mahinda Rajapaksa visited Japan. The year after, Abe visited India and Sri Lanka; he was the first Japanese prime minister to visit the latter in 24 years. He also visited Bangladesh, the first PM to do so in 14 years. Both Bangladeshi Prime Minister Sheikh Hasina and Indian Prime Minister Narendra Modi also visited Japan in May and September 2014, respectively.

Japan, concerned about the economic strength of its archrival, China across Southeast Asia, is presenting itself as an alternative benefactor. By promoting techno-economic projects and cooperation with many Bay states, Japan has begun to engage effectively, increasing its investments in the region and targeting Myanmar with its largesse. In May 2013, Abe was the first Japanese Prime Minister to visit Myanmar since 1977; the visit was

noteworthy, as on that occasion Japan announced the cancellation of Myanmar's \$ 3.7-billion debt. Myanmar is also earmarking Japanese ODA loans amounting to \$ 610 million for the implementation of a number of projects.

Three Japanese banks – the Bank of Tokyo-Mitsubishi UFJ (BTMU), Sumitomo Mitsui Banking Corp, and Mizuho Bank – recently won three of the nine licenses granted to foreign banks to operate in Myanmar. These three banks, along with the aid agency, Japan International Cooperation Agency (JICA), will be jointly developing the Thilawa Special Economic Zone just outside Yangon.<sup>30</sup> Mitsubishi and Hitachi have secured a \$ 20-million contract from Myanmar Railways to upgrade a track, built more than a century ago, from Yangon, Myanmar's commercial capital, to Mandalay. Developing Yangon's water supply, and irrigation facilities in the western Bago region are some of the other projects that the Japanese government is working on.<sup>31</sup>

**Figure 3: Growing Japanese investments in the Bay of Bengal**



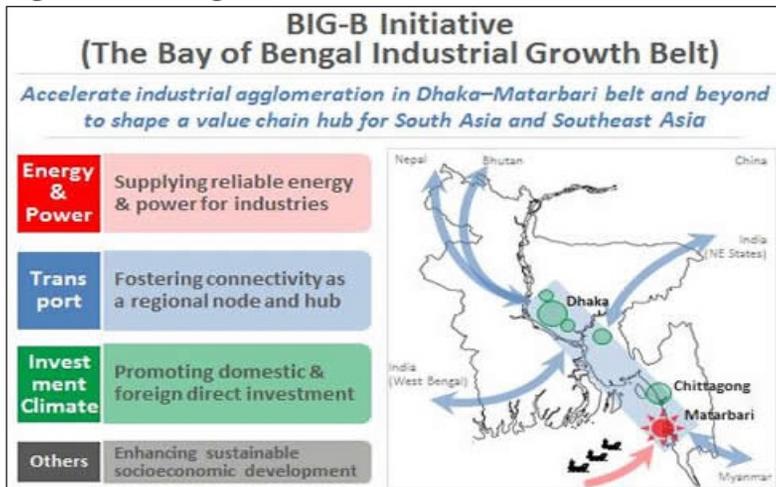
Source: ADB Report

Further, Japan, Thailand and Myanmar signed a memorandum of cooperation for mutually developing the Dawei Special Economic Zone in Myanmar. The project, which will start with building a 138-km road from Dawei to Kanchanaburi province northwest of Bangkok, is regarded as an

economic gateway linking the Indian and the Pacific Oceans. Japan will hold equal partnership to Thailand and Burma in the Dawei Special Economic Zone Development Co, and will also provide technical and financial support for the project.

The Government of Japan foresees Bangladesh transcending its national borders to become a "node & hub" of the regional economy. In May 2014, with its aim to develop the economy of Bangladesh through better connections to the Indian Ocean, Abe pledged \$6 billion, and the inflow of more private Japanese investments seems likely.<sup>32</sup> Japan has succeeded in securing a \$3.66-billion project to build a deep seaport at Matarbari, as well as four 600-MW coal-fired powerplants. The announcement by JICA cuts across a long-standing offer from China to build deep-water port facilities at Sonadia, only 25 kilometres from Matarbari. PM Abe also announced the 'BIG-B' initiative (Bay of Bengal Industrial Growth Belt) for Bangladesh, which includes the development of an economic corridor from Dhaka to the sea and new deep-water port facilities. The Bay of Bengal Industrial Growth Belt (BIG-B) with its three pillars—industry and trade, energy, and transportation—has emerged as a cornerstone of Japan's strategy for South Asia.<sup>33</sup>

**Figure 4: The Big-B initiative**



Japan's engagement does not end there, though. The government is also interested in engaging with the Bay of Bengal Initiative for Multi-Sectoral

Technical and Economic Cooperation (BIMSTEC) as a region. BIMSTEC, comprising Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal and Bhutan, is a sub-regional cooperation initiative formed in February 2004.<sup>34</sup> There are important areas in which mutually beneficial cooperation arrangements between BIMSTEC and Japan can be pursued. These include not just trade and investment cooperation, but energy security, healthcare and education services, science and space technology, urban and intercity-travel, and tourism and culture.<sup>35</sup> Engaging Japan will also provide BIMSTEC members with a vital partner who can act as a catalyst for sustaining economic growth.

### **JAPAN AND INDIA: COOPERATION IN THE BAY OF BENGAL**

India and Japan have recently begun to cooperate in the Bay of Bengal region. Japan's heavy-manufacturing base and India's services-led growth — as well as their contrasting demographic features, with India's strength in the youth and Japan's, more elderly population — make their economies complementary, opening the path to generating strong synergies.<sup>36</sup> Further, both nations have been driving an external balancing strategy against China's influence in the Indian Ocean: Japan aims to boost its economic revival and security building strategies, and India desires a greater global role, as well as enhanced security in the Indian Ocean Region.

Japan is developing maritime connectivity between Dawei and Chennai port in South India, which is set to boost India's connectivity with ASEAN and also reduce its dependence on the Malacca Strait.<sup>37</sup> The development of a new port in Chennai would serve to connect the industrial centres of southern and western India with Southeast Asia. In addition, Japan's investment in the Bangalore-Chennai industrial corridor would find easy outlet from Chennai. One of the main projects that will be taken up by JICA and the Asian Development Bank (ADB) is the proposed East Coast Economic Corridor (ECEC) which is part of the larger Golden Quadrilateral initiative – a series of corridors aimed at geographically connecting India internally and externally. Part of the Golden Quadrilateral are the Delhi-Mumbai Industrial Corridor (DMICDC); the Chennai-Bengaluru Industrial

Corridor (CBIC); the Bengaluru-Mumbai Economic Corridor (BMEC); the Amritsar-Kolkata Industrial Corridor (AKIC); and the East Coast Economic Corridor (ECEC), which will be India's first coastal corridor.<sup>38</sup>

The ADB and JICA have committed major investments to India's nearly 1,000-km-long east coastline, which is poised to play a critical role in India's "Act East Policy" as they will help bridge India with Southeast and East Asia. Through the development of key nodal points, linkages will be mapped weaving together ports, roads and industrial clusters that are expected to promote the development of various industries and small- and medium-size enterprises (SMSEs).<sup>39</sup>

The Vizag-Chennai Industrial Corridor (VCIC) comprises the first phase of ECEC. At the heart of VCIC is a transport corridor that extends north to south over 800 kilometres along the coast, connecting these economic nodes where industries will be located. The corridor includes National Highway 5, which is part of the Golden Quadrilateral, the Kolkata-Chennai rail route, and seven non-captive operational ports.<sup>40</sup> India's state government of Andhra Pradesh also promised to create a separate industrial township for Japanese companies on the VCIC. The state's Chief Minister, Chandrababu Naidu visited Tokyo in July 2015 and signed a number of MoUs with companies and government agencies from Japan. Naidu is also keen to initiate efforts to get the BIG – B project extended to his state. Prime Minister Modi has also set the India-Myanmar-Thailand (IMT) trilateral highway as a priority. This Japan-funded project includes a 3,200-km road linking India from the border town of Moreh in Eastern India, to Myanmar's Tamu, Mandalay and Myawaddy districts, and then further down to Thailand's Mae Sot. The government is set to ink a strategic agreement to operationalise the highway to enhance regional co-operation.<sup>41</sup>

New Delhi's decision to invite Japan to invest in the northeastern states is particularly important as once again this project will improve the connectivity between India and the South East. These projects would serve as backward linkages from the India-Myanmar-Thailand trilateral highway which should be completed by 2016. For the ambitious INR 15,000-crore project, India has chosen Japan to build infrastructure in Nagaland, Mizoram and Manipur, recognising Japan's expertise in building durable

and environmentally sustainable roads on tough mountainous terrain, like those found in the Northeast. Japan will also increase its level of cooperation with India in the Bay in the energy sector. Both nations will promote energy-related investments in the development of NTPC's Sampur power plant in Trincomalee, in Eastern Sri Lanka.<sup>42</sup>

## EVOLUTION OF INDIA'S POLICY IN THE BAY OF BENGAL

Given its long history, and the fact that 1,000 km of India's East coast line borders the Bay, it may seem obvious that India should be the principal player in the region. The government has also recently stated that its maritime security objective is to achieve the capability of being a 'net maritime security provider'.<sup>43</sup> That is something, however, that India is yet to achieve. Though Chinese naval power in the IOR would require a lot more punch in order to become a major security threat to India's own, viewed in the context of the changing geopolitics in the Bay, it is important to understand the slow evolution of India's paradigm, and policy, over the years.

A number of external factors have strategically and economically altered India's thinking in the Bay of Bengal region. Impoverished by long years of colonial rule, India adopted inward-looking policies after the end of the Second World War in order to rebuild its economy and focus on the country's development. Thus while British India exercised absolute domination over the Bay of Bengal in the days of the Raj, India's security role was severely curtailed after Independence. The Indian government also treated the Andamans as a remote backwater during this time, due to the fact that it was too costly to supply or defend. The country's military planners mostly faced west, to Pakistan where both nations were battling a border dispute over Kashmir.<sup>44</sup> India was also dealing with the issue of two disputed regions on its border with China. Tensions from these disputes had led India to fight a war with China in 1962, and a number of wars with Pakistan. During this time though an independent India was certainly not averse to intervening in its neighbours (in Bangladesh in 1971 and in Sri Lanka 1983-90), it primarily saw its role in defensive terms of keeping other powers out of the

Bay.<sup>45</sup> Over time, India's threats moved East from land to sea. China's inroads into Myanmar since 1990, especially the buildup of naval facilities in the Bay of Bengal and its possible use by the Chinese military, have been, from New Delhi's perspective, serious encroachments into India's sphere of influence.<sup>46</sup>

Alongside the previously mentioned ports at Gwadar, and Hambatota in Pakistan and Sri Lanka, China also has an electronic intelligence unit at the Coco Islands. This unit tracks India's missile launch facilities on the eastern sea coast at Chandipur in Orissa, besides intercepting classified communications emerging from India's first Tri-Services Command at the Andaman and Nicobar islands. China has also vastly improved and has militarised port facilities at Akyab (Sittwe). A major naval base on Hainggyi Island near the Irrawaddy river delta has also been constructed.<sup>47</sup>

India is anxious about such Chinese presence stretching from Gwadar in Pakistan to the Coco Islands in Myanmar. Despite being speculative, such assessment has been spoken about by various experts contemplating the possibility of a so-called 'maritime encirclement of India'.<sup>48</sup> Analysts say this has been the main driver of China's deepening engagement in the region.

In 2013, then Indian Prime Minister Manmohan Singh announced that the country has assumed responsibility for the stability of the Indian Ocean Region, and was well positioned to become the 'net security provider' of the region.<sup>49</sup> The following year, PM Modi upgraded the old 'Look East Policy' to 'Act East Policy', once again emphasising India's growing engagement with this region. India has also shown signs that it is inclined to build a Bay of Bengal community (BOBCOM). This forum would emerge as a "natural bridge" between South Asia and South East Asia; a closer linkage of which would go a long way in ensuring the prospects of peace and stability in the region.<sup>50</sup> As a result, India has begun focussing on strengthening security ties with countries like Bangladesh and Myanmar. The three countries and China are also cooperating in other frameworks, such as the BCIM. India is also developing Myanmar's port of Sittwe. This mega joint project between India and Myanmar, drawing in \$100 million, is part of the larger Kaladan Multi-modal Transit Transport Project. Set to be completed by 2016, it envisions the enhancement of connectivity between India and Myanmar,

paving the way for more robust bilateral trade. It is along the same lines as Japan's development of the Thilawa port and Thailand's Dawei projects. Further, India also hopes to contribute to the economic development of Mizoram and other Northeast states by opening access to these landlocked and impoverished regions.

Taking advantage of the port's site at the mouth of the river Kaladan, which empties into the Bay of Bengal, container ships will reach Sittwe from Kolkata port. They will offload at Sittwe onto smaller vessels that can ferry goods up the Kaladan, where lorries would take them the final leg over the Indian border. This route cuts days off the overland route from the Indian "mainland" to the north-east, round the top of Bangladesh via Siliguri.<sup>51</sup>

In spite of these positive steps, however, India needs to do more so that it not only feels less threatened by China's presence in this region, but also proactively contribute to the Bay's rise. This is achievable if India continues to deepen and enhance its engagement with relevant states such as Japan.

## **EXPANDING COOPERATION IN THE BAY OF BENGAL**

Former Prime Minister Manmohan Singh had rightly stated that if two countries engage economically long enough, their relationship will eventually become strategic. Over the years, both India and Japan have upgraded their economic ties, resulting in a deep level of mutual trust. Though their strategic ties did not begin to develop until much recently, strides are being made.

Due to its concerns about Chinese sensitivities, India was also initially cautious about the benefits of a deeper military or strategic relationship with Japan. For Japan as well, whose foreign policy decisions towards the South Asian region have always been seen through the US lens, had at times found Indian actions difficult to accept. For instance, the Pokran Nuclear tests in 1998 effectively put India on the backburner for Japan. However, if Japan and India want a place in Asia equivalent to that of China, they would have to impart a strategic dimension to their bilateral economic engagement, deepen their political cooperation on issues ranging from maritime security, high technology transfers, and regional stability.<sup>52</sup> With

Abe and Modi in power, it is already visible that the strategic element in Indo-Japanese relations is likely to grow even further.

During his first term as Prime Minister in 2007, Abe had been a proponent of the idea that India and Japan shared a common strategic interest over the potential threat posed by China and a weakening US commitment to the Asia Pacific. To reflect this convergence, Abe is often credited with inventing the term “Indo Pacific.” He was also the progenitor of the “quad” alliance, which was to be a concert of democracies – Australia, India, US and Japan – promoting the ideals of peace, stability, and freedom of navigation in the Indo-Pacific region.<sup>53</sup> Though it was shot down quickly by then Indian PM Manmohan Singh, and his Australian counterpart Kevin Rudd, due to fears of perturbing China, it bolstered the momentum of growing strategic ties. In his 2007 book, *Towards a Beautiful Country: My Vision for Japan*, Abe wrote it would “not be a surprise if in another decade, Japan-India relations overtake Japan-U.S. and Japan-China ties”.<sup>54</sup>

As seen almost ten years later, in the 2014 Tokyo Declaration, Prime Ministers Abe and Modi upgraded Indo-Japanese ties to that of a 'Special Strategic and Global Partnership'. During this visit both leaders also established the two-plus-two dialogue mechanism, a bilateral framework between their foreign and defence ministers. Japan currently only has this type of relationship with the US, France, Russia and Australia.

In December 2015, Abe visited New Delhi where a joint statement on 'India and Japan Vision 2025' was released. Abe, seeking to expand Japan's role as a defence exporter, is looking for markets in Asia. Although the deal for the sale of the Shinmaywa US-2 amphibious aircraft was not concluded during his visit, the positive note was that the two prime ministers agreed to continue to explore potential projects on defence equipment and technology cooperation. With a range of 4,500 kilometres, the US-2 should reinforce India's sea patrol and maritime domain awareness capabilities considerably in the Arabian Sea and Bay of Bengal, and it would also be Japan's first defence sale since the end of the second World War.

As maritime nations, both India and Japan also have converging interests in mitigating devastating effects of natural disasters, as well as protecting their shipping lanes. The Bay of Bengal, stranger to neither of

these issues, will benefit immensely as Japan and India work together on addressing HA/DR and anti-piracy operations.

In 2012, JIMEX, the first bi-lateral maritime exercise between India and Japan, took place off the coast of Tokyo, and in 2013 it took place in the Bay of Bengal. During the deployment, the ships participated in passage exercises with the respective Navies. The focus of 'Passage Exercises' include HA/DR operations and Visit, Board, Search and Seizure (VBSS) drills, which form a part of Anti-Piracy operations. Japan also joined India, Thailand, Sri Lanka and Myanmar and 11 other states in the Milan multilateral naval exercise, a biennial exercise of navies that takes place of the Andaman and Nicobar Islands, in the Bay of Bengal.

This year also saw Exercise Malabar progress from a bilateral US-India exercise, to a trilateral US-India-Japan exercise. Japan was initially part of this set up in 2007 that took place in the Bay of Bengal. However, Beijing had lodged a strong protest citing claims of “containment” and “encirclement”, leading to Japan's removal from the exercise in the Bay of Bengal. Thus Japan's inclusion as a “regular” member in Exercise Malabar is a huge step forward as it signals the personal importance that Modi has attached to India's strategic ties with Japan. It also shows a willingness from India to exercise a more assertive maritime posture under the Modi government.

## CONCLUSION

That the Bay of Bengal is emerging as an economic and strategic hub is clear. The growing cooperation amongst Bay states, as well their cooperation with extra littoral states is set to enrich the economies of many of these developing, middle-income countries. The role being played by major powers such as Japan, India and China is also critical in the development of the Bay of Bengal.

However, in order for continued economic growth, the Bay of Bengal must be subject to peaceful cooperation amongst these states. The questionable use of port infrastructure by China in the Bay of Bengal has been a huge cause of insecurity, and moves such as these have the ability to hinder growth and strain ties. Even though it will be a significant amount of

time before Chinese influence and development in this region can emerge as a significant threat, how India deals with and influences the current evolving geo-political and geo-strategic dynamics in the Bay will help pave the way for the Bay's stable rise. Further, Japan, keeping in line with its record of promoting techno-economic cooperation before strategic cooperation, should continue to engage and deepen ties with the Bay states. By encouraging healthy investment competition with China, Japan not only aids in China's peaceful rise, but it provides Bay states with the ability to grow as well. This is another important factor that will contribute to the growth and prosperity of Bay states.

Together, Japan and India, as democratic Asian economic giants, have the ability to shape this region in a positive way. Both nations are looking to play larger roles on the global stage. India is evolving its foreign policy to achieve its growing status as a world power, while Japan in its efforts to proactively contribute to peace and stability is breaking away from its post-war Pacifist constitution. Through continued economic engagement, both nations should also deepen their strategic ties. This would go a long way in ensuring peace and prosperity in the Bay of Bengal. 

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