Modi-Abe talks to focus on pushing Japanese projects stuck in India

Prime Minister Narendra Modi with his Japanese counterpart Shinzo Abe (file picture)
Bloomberg / Kiyoshi Ota
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Looking to shift some of its investments from China, Japanese Prime Minister Shinzo Abe is likely to discuss options to help the 200-odd investment projects from his country facing Covid delays in India during his proposed video conference with Prime Minister Narendra Modi next month.

The focus of the India-Japan Summit, which may take place around September 10, will also be on strengthening digital partnership, removing the hurdles identified by Japanese companies in India (including inadequate infrastructure), cooperation to tackle Covid-19 contingencies, and bringing down the bilateral trade deficit suffered by India.

“Japan has proposed September 10 for the India-Japan Summit but the date is not yet finalised as industry associations are working on parallel seminars, which need to be firmed up. The Japanese seem very keen to increase investments in the country as they believe that India holds a lot of export potential and could be one of the alternatives to China,” an official in the know told BusinessLine.

The summit, initially planned in Guwahati on December 15-17, 2019, was postponed due to protests against the anti-Citizenship Amendment Act (CAA) in Assam.

Japanese investments

Interestingly, earlier this year, the Japanese government earmarked $2.2 billion of its economic stimulus package to help its manufacturers shift production out of China to re-organise its supply chains after the Covid-19 disruptions. Of this, about $2 billion was allotted to companies for shifting production back to Japan and about $21.5 million to Japanese companies to start production outside China.

Tokyo then carved out a special subsidy package of about 100 million yen (approximately $1 million) to grant financial assistance to 10 companies, including automobile major Suzuki Motor Corporation and optical device manufacturer Olympus Corporation, for investing in innovative solutions in India in tie-ups with Indian IT firms.

Japan was the fourth largest investor in India, after Mauritius, Singapore and the Netherlands.

“There have already been Secretary-level talks between India and Japan on removal of various identified hurdles for Japanese investors and the talks between the Prime Ministers are expected to give the growing partnership between the two nations a bigger push,” the official said. In a recently study, the Japan External Trade Organisation pointed out that there were just a little over 5,100 Japanese companies in India, whereas Japanese companies in China exceeded 33,000. In the 10-member Asean, there were around 13,000 Japanese companies.