

## India-Japan Bilateral Commercial Relations

The India-Japan commercial and business engagement started when Panasonic set up its manufacturing facility in in year 1972. This was then followed by Suzuki and Denso who reached India in early 1980s.

Today, **India and Japan share a 'Special Strategic and Global Partnership'**. Commercial relations between India and Japan have vast potential for growth, given the complementarities that exist between the two countries. Japan's interest in India is increasing due to a variety of reasons, including India's big and growing market and its resources, especially the human resources. The signing of the historic **India-Japan Comprehensive Economic Partnership Agreement (CEPA)** and its implementation from August 2011 has accelerated economic and commercial relations between the two countries. During the visit of Hon'ble Prime Minister of Japan, Mr. Fumio Kishida to India in March 2022, both the Prime Ministers expressed intention to realise **JPY 5 trillion** of public and private investment and financing from Japan to India in the next five years, to finance appropriate public and private projects of mutual interest.

2. Japan's bilateral trade with India totaled US\$ 22.85 billion during FY 2023-24. Exports from Japan to India during this period were US\$ 17.69 billion and imports were US\$ 5.15 billion. Today, India ranks 18<sup>th</sup> in Japan's total trade with 1.4% share while, Japan ranks 17<sup>th</sup> in India's total trade with 2.1% share. India ranks 11<sup>th</sup> in Japan's total exports with 2.2% share and Japan ranks 25<sup>th</sup> in India's total exports with 1.2% share. India ranks 28<sup>th</sup> in Japan's total imports with 0.7% share and Japan ranks 12<sup>th</sup> in India's total imports with 2.6% share. This underlines that there remains a big potential.

The export-import statistics for the last five years as per India's Ministry of Commerce data bank are as follows:

(Value is in US\$ Billion)

Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 (Till August)
India's export to Japan	4.52	4.43	6.18	5.46	5.15	2.44
India's import from Japan	12.43	10.9	14.39	16.49	17.69	7.70
India-Japan bilateral trade	16.95	15.33	20.57	21.96	22.85	10.14

(Source: Department of Commerce, Govt. of India)

**India's top 10 exports to Japan (Value is in US\$ million)**

S. No.	HS Code	Commodity	2022-2023	2023-2024
1	29	ORGANIC CHEMICALS	734.18	621.45
2	87	VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF.	405.14	532.52
3	84	NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF.	430.77	503.89
4	76	ALUMINIUM AND ARTICLES THEREOF.	291.59	413.84
5	3	FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTABRATES.	443.76	348.14
6	85	ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS,AND PARTS.	322.24	306.22
7	38	MISCELLANEOUS CHEMICAL PRODUCTS.	244.57	276.83
8	71	NATURAL OR CULTURED PEARLS,PRECIOUS OR SEMIPRECIOUS STONES,PRE.METALS,CLAD WITH PRE.METAL AND ARTCLS THEREOF;IMIT.JEWELRY;COIN.	351.29	262.17
9	72	IRON AND STEEL	268.21	188.62

10	62	ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED.	156	151.11
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(Source: Department of Commerce, Govt. of India)

**India's top 10 imports from Japan (Value is in US\$ million)**

S. No.	HS Code	Commodity	2022-2023	2023-2024
1	84	NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF.	2864.64	3330.77
2	74	COPPER AND ARTICLES THEREOF.	1284.05	2240.46
3	85	ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS.	1739.62	1963.07
4	28	INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OR RADI. ELEM. OR OF ISOTOPES.	2152.34	1646.76
5	72	IRON AND STEEL	1390.06	1487.75
6	39	PLASTIC AND ARTICLES THEREOF.	1218.56	1168.68
7	29	ORGANIC CHEMICALS	876.46	1034.64
8	90	OPTICAL, PHOTOGRAPHIC CINEMATOGRAPHIC MEASURING, CHECKING PRECISION, MEDICAL OR SURGICAL INST. AND APPARATUS PARTS AND ACCESSORIES THEREOF;	742.65	844.76
9	87	VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF.	734.22	791.03
10	73	ARTICLES OF IRON OR STEEL	295.32	407.76

(Source: Department of Commerce, Govt. of India)

- **India-Japan CEPA:** 6<sup>th</sup> Joint Committee Meeting under India-Japan CEPA was held on 15<sup>th</sup> January 2021 through VC. The meeting was co-chaired by Dr. Anup Wadhawan, Secretary, Department of Commerce, Government of India and Mr. Hiroshi Suzuki, Senior Deputy Minister for Foreign Affairs, Government of Japan. There are six sub-committees under CEPA on Rules of Origin, Customs Procedure, SPS/TBT, Business Environment, Trade in Services; and Movement of Natural Persons. All the six sub-committees have met.
- **India – Japan Industrial Competitiveness Partnership** – India – Japan Industrial Competitiveness Partnership – A **Memorandum of Cooperation** between the Department for Promotion of Industry and Internal Trade (DPIIT) and Ministry of Economy, Trade and Industry (METI) on India – Japan Industrial Competitiveness Partnership was signed on November 16, 2021 to jointly explore the possibilities of enhancing India's industrial competitiveness with a view to enhance the Special Strategic and Global Partnership between the two countries. Under the arrangement, Joint Working Groups (JWG) in different sectors ranging from **Textiles** and **Logistics** to **Steel** and **Food Processing** have been formed. These working groups are meeting from time to time. The 5<sup>th</sup> meeting of the India-Japan Industrial Competitiveness Partnership was held in Tokyo on 28 February 2023. The 6<sup>th</sup> IJICP meeting, co-chaired by the Secretary, DPIIT from India and the Vice Minister for International Affairs, METI from Japan, was held on 28<sup>th</sup> June 2024 during latter's visit to New Delhi.
- **India-Japan Digital Partnership (IJDP) and Start-up Hub:** An "India-Japan Digital Partnership" (I-JDP) was launched during the visit of Hon'ble Prime Minister Shri Narendra Modi to Japan in October 2018, furthering existing areas of cooperation as well as new initiatives within the scope of cooperation in S&T/ICT, focusing more on "**Digital ICT Technologies**". This also incorporates setting up "Start-up Hub" between India and Japan. MeitY will be the nodal agency to implement it from the Indian side with the Ministry of Communications (MoC), DIPP, NITI Aayog & other stakeholders and METI from the Japanese side with MEXT and MIC & other stakeholders from the Japanese side. First Startup Hub was established in Bengaluru by JETRO to select Indian start-ups for the Japanese market and for potential Japanese investors. Thereafter, Startup-India (under Invest India) and **Japan Innovation Network (JIN)** signed an **MoU** on innovation collaboration with a focus on SDGs (Sustainable Development Goals) connecting two start-up ecosystems in June 2018. Invest India also launched an on-line portal for the Start-up hub. On August 1, 2020, the Japanese Government announced that it would provide financial assistance to 10 Japanese companies planning to start new business in India in cooperation with Indian IT companies as part of the Japan-India Digital Partnership. The objective is to support Japanese companies' utilisation of IT talents in India. The 7<sup>th</sup> Joint Working Group on IT & Electronics (Digital Partnership) was held on September 9-10, 2020 through Video Conference between MeitY, India and METI, Japan with participation of relevant government stakeholders and industry participation. The 7<sup>th</sup> Joint Working Group under **India-Japan ICT Comprehensive**

**Cooperation** Framework was also held on May 13, 2022 through hybrid mode. The MoU on ICT between India and Japan was signed on January 15, 2021 by the Telecom Minister of India and MIC Minister of Japan. An India-Japan Digital Partnership Webinar was held online on February 28, 2022 which included discussions on digital transformation and preparing for post-COVID-19 international competition.

- **Supply Chain Resilience Initiative (SCRI):** A trilateral Economic Ministerial level initiative on Supply Chain Resilience Initiative (SCRI) was launched on September 1, 2020 among Australia, India and Japan through video conference (VC), with an objective to ensure resilience of supply chain through diversification in Indo-Pacific region. In this regard, a **Trilateral Ministerial** video conference was held by the Trade Ministers of India, Japan and Australia for the formal launch of the Supply Chain Resilience Initiative on 27 April 2021. The three Ministers Mr. Piyush Goyal, Hon'ble Minister for Commerce and Industry, India; Mr. Kajiyama Hiroshi, Hon'ble Minister for Economy, Trade and Industry, Japan and Mr. Dan Tehan, Hon'ble Minister for Trade, Tourism and Investment, Australia briefed about the measures taken by the respective countries during COVID-19 pandemic. The Ministers acknowledged that the **COVID-19 pandemic** was having an unprecedented impact in terms of lives lost, livelihoods and economies affected, and that the pandemic had revealed supply chain vulnerabilities globally and in the region. The Ministers also noted that some supply chains have been left vulnerable due to a range of factors. The Ministers instructed their officials to implement the following as initial projects of SCRI and further develop the Initiative: (i) sharing of best practices on supply chain resilience; and (ii) holding investment promotion events and buyer-seller matching events to provide opportunities for stakeholders to explore the possibility of diversification of their supply chains. During the meeting it was also decided to convene the trilateral Ministerial meetings more frequently. The Second Trilateral Ministerial meeting was held on March 15, 2022.
- The Embassy of India exchanged Note Verbale with the Japanese Ministry of Foreign Affairs on 29 September, 2016 for the implementation of the Protocol amending the **Indian-Japan DTAC** (The Protocol entered into force on 29 October 2016). The Protocol provides for internationally accepted standards for effective Exchange of Information in tax matters and that both India and Japan shall lend assistance to each other in the collection of taxes. These provisions will help in preventing international tax evasion and tax avoidance.
- **Cooperation in Skill Development:** The Ministry of Economy, Trade and Industry (METI), Japan and the Ministry of Skill Development and Entrepreneurship, India signed an MOC in November 2016 to facilitate the Japan-India Institute for Manufacturing (JIM) and Japanese Endowed Courses (JEC) projects which aims to train 30,000 floor shop leaders and engineers to Japanese standards in the next 10 years. 22 JIMs and 8 JEC have been launched in India till date. India and Japan signed a MoC on TITP (Technical Intern Training Program) in October 2017 with National Skill Development Corporation (NSDC) as the implementing body for TITP.
- The **Memorandum of Cooperation** (MoC) between India & Japan on a Basic Framework for Partnership for Proper Operation of System Pertaining to "**Specified Skilled Worker**" (**SSW**) was signed on 18 January 2021 which

will further promote the movement of skilled workers from India to Japan in designated 73 operations in 14 specified industries fields / job categories and thus marks a further step to augment India-Japan collaboration in the area of skill development. In this regard, Japan Foundation Test for Basic Japanese (JFT-Basic), Nursing care skills evaluation test and Nursing care Japanese language evaluation test were held in January 2022, in Gurugram, India for the first time.

- **India-Japan Textile Cooperation:** A Memorandum of Understanding was signed between Textiles Committee, Ministry of Textiles, Government of India and M/s Nissenken Quality Evaluation Centre, Japan on January 27, 2021 to provide required support to textile's trade and industry for ensuring quality as per the requirement of Japanese buyers through Testing, Inspection & Conformity Assessment, Training & Capacity Building, Research & Development (R&D) and Consultancy. 2nd India-Japan Joint Working Group (JWG) meeting was held via video conference on 11th July 2023. The main points of discussion were: Possibility of cooperation between M/s Nissenken Quality Evaluation Center and Textiles Committee of India in setting up more Quality Evaluation Centres in India as per the requirement of Japanese buyers. METI expressed interest to promote investment and expand trade between Japan and India as well as expand the efforts of the human resource development program to improve the quality evaluation ecosystem.
- **Energy Dialogue:** This dialogue was set up in December 2006 to promote cooperation in the energy sector in a comprehensive manner. The dialogue is chaired by the Deputy Chairman of the Planning Commission from the Indian side (now chaired by the Minister of Power) and METI Minister on the Japanese side. Till date, ten rounds of the meetings have taken place. The 10th meeting of the Japan-India Energy Dialogue was held in Delhi on 10 December 2019. **India-Japan Clean Energy Partnership (CEP)** was launched in March 2022.