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The India-Japan Civilian Nuclear Deal: A High-Water Mark in Bilateral Ties

The entering into force of the India-Japan civilian nuclear deal represents a new era in cooperation between the two countries in the field of civilian use of nuclear energy. India is the only non-Non-Proliferation Treaty country with which Japan has signed such a deal. This clearly signifies the huge importance of this deal, not only for India, but also for Japan. However, several challenges need to be overcome before India and Japan can fully operationalise the deal.

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The ‘India-Japan Agreement for Cooperation in the Peaceful Uses of Nuclear Energy’ recently entered into force following the exchange of diplomatic notes between the Indian Foreign Secretary and the Japanese Ambassador to India. The nuclear deal was first mentioned in the joint statement issued during the visit of the Japanese prime minister to India in December 2015. It had noted that “the two Prime Ministers welcomed the agreement reached between the two Governments on the Agreement between the Government of Japan and the Government of the Republic of India for Cooperation in the Peaceful Uses of Nuclear

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Energy, and confirmed that this Agreement will be signed after the technical details are finalised, including those related to the necessary internal procedures.”²

The actual agreement for the civilian nuclear deal was signed during the visit of the Indian Prime Minister Narendra Modi to Japan in November last year. The joint statement issued on this occasion notes that “the two Prime Ministers welcomed the signing of the Agreement between the Government of Japan and the Government of the Republic of India for Cooperation in the Peaceful Uses of Nuclear Energy which reflects a new level of mutual confidence and strategic partnership in the cause of clean energy, economic development and a peaceful and secure world.”³

India-Japan Ties since India’s Nuclear Tests

In 1998, following India’s second round of nuclear tests, Japan imposed severe sanctions on the country. Since then, much water has flowed down the Ganges and the relations have seen a complete turnaround for a host of reasons. Japan is the only country (besides Russia) with which India has an annual bilateral summit at the highest levels.

The Japan-India relationship has taken a huge leap forward under the present Modi government. Modi’s first bilateral visit after taking office was to Japan.⁴ Tokyo committed US\$35 billion (about S\$47.7 billion) towards India’s infrastructure sector during Modi’s visit to Japan in September 2014.⁵

² Ministry of External Affairs, India, Joint Statement on India and Japan Vision 2025, 12 December 2015, http://www.mea.gov.in/bilateral-documents.htm?dtl/26176/Joint_Statement_on_India_and_Japan_Vision_2025_Special_Strategic_and_Global_Partnership_Working_Together_for_Peace_and_Prospersity_of_the_IndoPacific_R. Accessed on 17 July 2017.

³ Ministry of External Affairs, India, India-Japan Joint Statement during the visit of Prime Minister to Japan, 11 November 2016, <http://mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan+Joint+Statement+during+the+visit+of+Prime+Minister+to+Japan>. Accessed on 19 July 2017.

⁴ Ministry of External Affairs, India, Prime Minister’s visit to Japan for the Annual Summit Meeting (11-12 November 2016), <http://www.mea.gov.in/press-releases.htm?dtl/27548/Prime+Ministers+visit+to+Japan+for+the+Annual+Summit+Meeting+November+11+12+2016>. Accessed on 24 July 2017

⁵ Business Standard, Japan doubles India investment to \$35 bn, http://www.business-standard.com/article/current-affairs/japan-commits-35-bn-investment-in-india-114090200026_1.html. Accessed on 29 July 2017.

Why is the Deal Important to India?

Under the India-Japan civilian nuclear deal, India can reprocess nuclear materials but cannot make highly-enriched uranium without seeking prior consent from Japan. Tokyo would also halt the deal if New Delhi breaks its self-imposed moratorium on further nuclear testing.⁶

It is worth analysing what's in the civilian nuclear deal for India.

First, it means a big leap forward for India as now it will be able to conduct nuclear commerce with Japan, a nation which is a world leader in nuclear energy generation. The deal would also allow Japanese companies to fund nuclear power plants in India.⁷ New Delhi currently operates 22 nuclear power plants which produce 6,780 megawatts of power and it is now planning to add 7,000 megawatts of power.⁸ New Delhi seeks to triple its nuclear-energy generation capability to 17.3 GW by 2024 and plans to produce a quarter of its total energy production from nuclear energy.⁹

Secondly, in order to maintain its present levels of growth, New Delhi needs to ensure adequate supplies of energy, and nuclear power will be important towards this end. India has had issues with the generation of hydroelectricity as it involves displacing a huge number of people. On the other hand, thermal power generation has a very deleterious impact on the environment. Modi has said that "India will go above and beyond" the 2015 Paris Accord on climate change and, hence, it is very important for India to produce clean energy and nuclear energy is clean energy.

Thirdly, the Japan-India civilian nuclear deal will allow the full operationalisation of other civilian nuclear deals like the India-United States (US) civilian nuclear deal. This is because Japanese company Toshiba is a majority stakeholder in Westinghouse (which is involved in

⁶ Japan Times, Japan-India nuclear pact clears Lower House despite opposition concerns https://www.japantimes.co.jp/news/2017/05/16/national/politics-diplomacy/japan-india-nuclear-pact-clears-lower-house-despite-opposition-concerns/#.WZlqM_gjF0w. Accessed on 29 July 2017.

⁷ The Economic Times, All approvals in place, Japan nuclear deal comes into force, <http://economic-times.indiatimes.com/news/economy/policy/all-approvals-in-place-japan-nuclear-deal-comes-into-force/article/59690053.cms>. Accessed on 21 July 2017.

⁸ BBC News, India will build 10 new reactors in huge boost to nuclear power, <http://www.bbc.com/news/world-asia-india-39958299>. Accessed on 27 July 2017.

⁹ Indian Economy.net, Why nuclear energy is important for India? <http://www.indianeconomy.net/splclassroom/265/why-nuclear-energy-is-important-for-india/>. Accessed on 30 July 2017.

the India-US civilian nuclear deal)¹⁰ while Japanese company Hitachi owns a majority stake in the company GE Hitachi Nuclear Energy Limited.¹¹ Under the terms of the India-US civilian nuclear deal, Westinghouse and GE Hitachi would be constructing six nuclear reactors each in the Indian provinces of Andhra Pradesh and Gujarat.

Fourthly, it will also help give a fillip to India's quest for membership of the prestigious Nuclear Suppliers' Group which has been held up.

Why is the Deal Important to Japan?

First, it represents a huge leap of faith for Japan because India is not a signatory to the Nuclear Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty. The Shinzō Abe government in Japan has had to walk the extra mile in order to get the approval from the Japanese Diet for this civilian nuclear deal. Japan's case is unique as it is the only country to have suffered from the impact of atomic attacks, when two atomic bombs were dropped on the Japanese cities of Hiroshima and Nagasaki. Hence, there is a strong anti-nuclear energy lobby in Japan. Many a times, there have been attempts to restart nuclear power plants in Japan, following the deadly earthquake in March 2011. However, in many cases, these have been stopped by court orders.

Secondly, the coming into force of the nuclear deal is also important for the Japanese company Toshiba, which is in the red, partly due to its acquisition of Westinghouse. Japanese power companies have also been suffering from huge losses after many nuclear power plants were shut down after the Great East Japan earthquake in March 2011. These companies can now export critical components to India. The nuclear deal will be a huge leg-up for Japanese nuclear companies and will also help them tide over a very difficult situation within Japan on the nuclear energy front.

Thirdly, improving the health of the Japanese economy was one of the key campaign promises of Abe as a part of his so-called "Abenomics" when he became prime minister for a

¹⁰ Reuters, Westinghouse reaches deal for \$800 million U.S. bankruptcy loan, <http://www.reuters.com/article/us-toshiba-accounting-westinghouse-idUSKBN18J2M2>. Accessed on 8 August 2017.

¹¹ Ibid. Accessed on 15 August 2017.

second term in December 2012. In recent times, he suffered from several setbacks on the political front, with a dip in his popularity ratings. He had to drop a few ministers and his party suffered a debacle in the Tokyo Metropolitan Assembly elections. As a result, he undertook a cabinet reshuffle. The India-Japan civilian nuclear deal will provide a boost to the Japanese economy, in line with Abe's campaign promise. At the time of the Fukushima nuclear disaster in Japan, the country had 54 operating nuclear reactors which provided almost one-third of the country's power requirements. However, since then, Japan has decommissioned quite a few of these nuclear reactors while a decision is yet to be taken on a few others.

Impact on Japan-India Relations

The civilian nuclear deal will have a positive impact on the Japan-India relationship as it has been one of the few irritants in what has otherwise been a trouble-free relationship. Domestically, it will be a shot in the arm for the Japanese prime minister, who has been trying to revive the nuclear industry in Japan, which has been in doldrums for a long time now. This deal could also help in making progress possible on another issue – the purchase by India of Japanese US-2 maritime reconnaissance aircraft which has been held up for a long while now. It will also set the stage for the upcoming visit by Abe to India in September this year.

Japan and India are also collaborating in a number of other areas as well. One of these is infrastructure development, particularly in the light of India's non-attendance at the Belt and Road Forum (BRF) in Beijing in May 2017. Though Japan sent a representative to the BRF, it is as yet undecided on the extent of its involvement in China's Belt and Road Initiative. In the meantime, Tokyo and New Delhi have decided to cooperate in the Asia-Africa Growth Corridor which envisages the building of infrastructure in Africa.

Challenges

While the deal offers much potential to both India and Japan, there are, however, still some challenges in its successful implementation.

First, there is a significant amount of domestic opposition to nuclear energy generation in Japan, especially in the light of the Fukushima nuclear disaster. The main opposition, the Democratic Party, and few other Japanese opposition parties have stated that “there is insufficient legal guarantee to limit the exported technology to civilian use.”¹²

Secondly, in India, land acquisition has been a problem with the other nuclear power plants. The same issue is also likely to surface in the India-Japan nuclear deal. In addition, the laws vary between different states in India and this may also create issues when the real business is conducted.

Thirdly, there may be questions asked as to why India and Japan have opted to go for this kind of energy, particularly in the light of the Fukushima disaster in Japan in 2011. However, what is worth mentioning here is that many other nuclear power plants are currently operational in India and they adopt impeccable safety standards. Though it is a fact that the Fukushima nuclear disaster took place, it must be stated that it happened simply due to a severe earthquake, followed by a tsunami – this was one of its kind. Other countries like the US have also faced similar disasters in the past and still have a nuclear energy-generation programme.

Fourthly, as India imports uranium from a number of countries, there could be issues on the supply of uranium to India to run its nuclear plants. For one, India could be affected by possible changes in the domestic political scene in some of these countries which may, as a result, reverse their position on supplying uranium to India since it is not a signatory to the NPT.

¹² The Mainichi, India-Japan nuke cooperation pact comes into force, <https://mainichi.jp/english/articles/20170721/p2g/00m/0dm/004000c>. Accessed on 21 July 2017.

Conclusion

The entering into force of the India-Japan civilian nuclear deal marks a big step forward in the bilateral ties between the two countries – both countries have invested a significant amount of time and political capital in seeing this deal through. Hence, it is no surprise that, after the entering into force of the deal, the Indian Ministry of External Affairs in a statement noted that, “This agreement is a reflection of the strategic partnership between India and Japan and will pave the way for enhanced cooperation in energy security and clean energy. The Agreement seeks to promote full cooperation between the two countries in the development and uses of nuclear energy for peaceful purposes on a stable, reliable and predictable basis.”¹³ On the other hand, the Japanese Ministry of Foreign Affairs noted in a press release that, “This agreement provides a necessary legal framework for the realisation of cooperation between Japan and India in the field of the peaceful uses of nuclear energy.”¹⁴

It was the landmark Indo-US civilian nuclear deal that had opened new grounds for India following its isolation in the light of its nuclear tests in 1998. Since then, India has gone ahead and concluded nuclear deals with Russia, South Korea, Mongolia, France, Namibia, Argentina, Canada, Kazakhstan and Australia. Recently, the first shipment of uranium to India has also been sent from Australia after the conclusion of a landmark deal between India and Australia in 2014, the first time Canberra has done so with a non-NPT country. The deal with Canberra is important as Australia holds 40 per cent of the world’s known uranium reserves.

This Indo-Japanese nuclear deal should also be seen in the light of the growing cooperation between Japan and India on all fronts and it is an affirmation of India’s excellent credentials when it comes to nuclear non-proliferation. In addition, energy security has been an important aspect of India’s foreign policy in recent times. The entering into force of the “India-Japan Agreement for Cooperation in the Peaceful Uses of Nuclear Energy”, therefore,

¹³ Ministry of External Affairs, India, The entry into force of India-Japan Agreement for Cooperation in the Peaceful Uses of Nuclear Energy, <http://www.mea.gov.in/press-releases.htm?dtl/28678/The+entry+into+force+of+IndiaJapan+Agreement+for+Cooperation+in+the+Peaceful+Uses+of+Nuclear+Energy>. Accessed on 6 August 2017.

¹⁴ Ministry of Foreign Affairs of Japan, Exchange of Diplomatic Notes for the Entry into Force of the Japan-India Nuclear Cooperation Agreement, http://www.mofa.go.jp/press/release/press1e_000046.html. Accessed on 16 August 2017.

represents a high-water mark as far as India-Japan cooperation in civilian nuclear technology is concerned.

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