



Delhi Policy Group

Advancing India's Rise as a Leading Power



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Cover Image:

Prime Minister Narendra Modi meets with Prime Minister Anthony Albanese in New Delhi on March 10, 2023 (Source: [Narendra Modi Official Twitter](#))

Prime Minister Narendra Modi in conversation with Prime Minister Fumio Kishida at Buddha Jayanti Park on March 21, 2023. (Source: [Narendra Modi Official Twitter](#))

Prime Minister of Japan Fumio Kishida with President of the Republic of Korea Yoon Suk Yeol during the Japan-South Korea summit meeting on March 16, 2023 (Source: [Prime Minister's Office Japan](#))

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Charting the New Agenda of ASEAN-India Cooperation

by

Prabir De

The Association of Southeast Asian Nations (ASEAN) and India have had a long history of cultural and trade links dating back to ancient times. In the contemporary period, the relations between them were reinvigorated in 1992, the year in which India came out with the 'Look East Policy' and became a sectoral partner of ASEAN. Later, in 1996, India became ASEAN's dialogue partner, and in 2002, the relationship was upgraded to the summit level. ASEAN and India elevated their relationship to the level of a strategic partnership in 2012 and a comprehensive strategic partnership in 2022. The ASEAN-India Plan of Action (POA) to implement the 'ASEAN-India Partnership for Peace, Progress and Shared Prosperity' has, since 2003, been guiding the cooperation between ASEAN and India in various fields such as the political, economic, and socio-cultural areas. As this relationship continues to evolve and expand, it plays a significant role in shaping the regional and global economic landscape.

The new agenda of ASEAN-India cooperation is marked by a strong commitment to deepen and broaden their partnership in response to the changing regional and global landscape. Today, ASEAN and India are working to create a more integrated, secure, and prosperous region for the benefit of their people and the world at large. Completing 30 years in 2022, the ASEAN-India partnership requires a new direction.

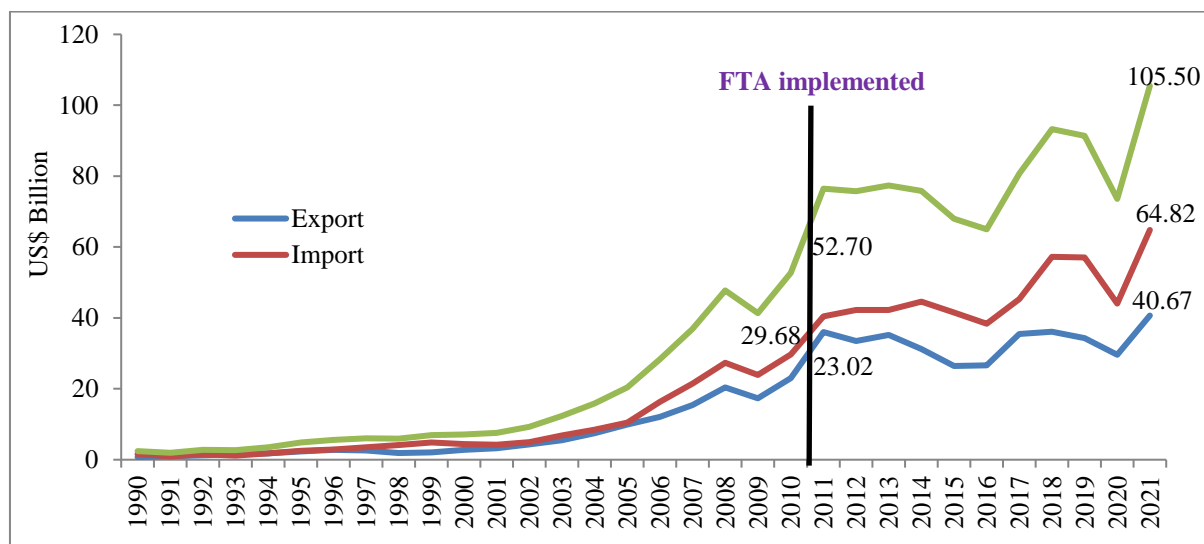
With a combined population of over 1.8 billion people and a combined GDP of over US\$ 3 trillion, ASEAN and India are two of the most dynamic regions in the world. ASEAN consists of ten countries, namely, Indonesia, Thailand, Vietnam, Philippines, Malaysia, Singapore, Myanmar, Cambodia, Lao PDR, and Brunei. India is the world's second-most populous country and one of the fastest-growing economies. In recent years, Southeast Asian countries and India have emerged as major players on the global stage. Both have continued to strengthen their relationship, particularly in the realm of economic cooperation, and have formed various initiatives to promote trade, investment, and cultural exchanges. The emergence of ASEAN and India as regional powers has the potential to significantly shape the future of the Indo-Pacific region, and the relationship between them will continue to be a key factor in world geopolitics.

With the rise of new global powers and the growing influence of non-state actors, it is more important than ever for ASEAN and India to work together and address the challenges in the post pandemic period. In an increasingly interconnected world, it is essential for India and ASEAN countries to work together to increase trade and investment. ASEAN and India have taken important steps in this direction, including the establishment of a free trade area and various partnerships and initiatives aimed at promoting economic cooperation.

Driven by the ASEAN-India Free Trade Agreement in Goods, India's trade with ASEAN countries have grown over the years, reflecting the increasing economic ties between them. The AIFTA has come into effect since January 2010. This agreement is aimed at promoting economic integration between ASEAN and India by reducing trade barriers and creating a more conducive environment for trade and investment. The agreement eliminates tariffs on a wide range of goods, making it easier and more cost-effective for businesses to trade with each other. The FTA has led to increased trade between India and the ASEAN countries (Khati and Kim, 2023). In addition, the FTA has created opportunities for Indian companies to access the vast market of Southeast Asia and vice versa.

The ASEAN-India bilateral trade has reached US\$ 110.41 billion in 2021-22, of which India's export to ASEAN was US\$ 42.33 billion and import was US\$ 68.08 billion. This was the highest ever trade volume recorded in the history of ASEAN-India trade. In the same year, India's trade deficit with ASEAN has exceeded the US\$ 25 billion mark, which is almost one quarter of the trade volume. It took over a decade to double the bilateral trade between India and ASEAN. This is amply clear from the Figure 1 (US\$ 52.70 in 2010 vis-à-vis US\$ 105.50 in 2021). The trade between ASEAN and India faced many fluctuations in post-FTA era due to global and/or regional shocks; the potential of the ASEAN-India FTA was, therefore, not fully realized.

India's export to ASEAN has increased, especially in sectors such as engineering, pharmaceuticals, and chemicals. India's rising trade deficit with the ASEAN is primarily due to India's high dependence on ASEAN for imports of crude oil and petroleum products, and parts and components of electronics and telecom products. Additionally, the implementation of the FTA has been hindered by several challenges such as non-tariff barriers, lack of harmonization of standards, and poor connectivity. These challenges have reduced the effectiveness of the agreement in promoting trade and investment between India and ASEAN.

Figure 1: Trends in India's Trade with ASEAN during 1990 to 2021


Source: Calculated based on IMF DOTS

The non-realization of India's export potential is high, showing vast untapped export opportunities. The new export opportunities for India are in electronics, automobile parts and components, processed foods, etc. These are the sectors in ASEAN that may offer high export opportunities to India. Unlocking the export potential requires strong policy support from both state and non-state actors of India and ASEAN, particularly in strengthening B2B linkages, removal of product-specific trade barriers, and improvements in connectivity.

Despite the potential, trade protection continues to dominate. Various studies have shown that the ASEAN-India Free Trade Agreement in Goods has failed to fully eliminate trade barriers between them. This has resulted in protectionist measures remaining in place, including tariffs and non-tariff barriers which continue to hinder the flow of goods and services between the two regions.

Non-Tariff Measures (NTMs) have increased in recent years, and this has had a significant impact on trade between ASEAN countries and India. ASEAN and India need to undertake further trade liberalization leading to strengthening of the trade relations between them. By working together, ASEAN and India can overcome these challenges and create a more vibrant and prosperous economic relationship.

Further efforts are needed to address these challenges and improve the trade and investment relationship between India and ASEAN. In 2015, ASEAN and India signed the India-ASEAN Services and Investment Agreement (IASIA) to promote trade in services and investment between the two regions.

One of the major reasons for high non-realization of the trade potential the lack of harmonization of trade policies between ASEAN and India. The two regions are heterogeneous and also have different levels of economic development, and this has resulted in a mismatch of trade policies, which has limited the benefits of the FTA. Additionally, certain sectors, such as agriculture, are still heavily protected in both ASEAN and India, resulting in limited market access for agricultural products. This protectionism has resulted in lower trade volumes between ASEAN and India in the agricultural sector. India offers ASEAN a single market to enter, whereas for India, it is still ten different markets in ASEAN. So, India has to face relatively higher trade barriers and restrictions from ten ASEAN countries.

Digital Economy: The digital economy has emerged as a new agenda of cooperation between India and ASEAN, providing significant opportunities for growth and development. With the rapid expansion of digital technologies, there is a growing need for countries to work together to leverage the benefits of the digital economy. India and ASEAN have recognized the potential of the digital economy and both are increasingly focusing on digital cooperation to enhance their economic ties. The digital economy encompasses a wide range of activities, including e-commerce, digital payments, digital infrastructure, and digital skills development. By working together, India and ASEAN countries can tap into these opportunities and drive economic growth and development.

Energy Transition: Energy transition is another important area for cooperation between India and ASEAN. Driven by the need to transition towards a low-carbon economy and reduce greenhouse gas emissions, ASEAN countries and India have pledged for a sustainable energy transition. India and ASEAN countries can also collaborate to promote the development of sustainable energy infrastructure, such as smart grids and energy storage systems. This can help to improve the efficiency and reliability of renewable energy systems and facilitate the integration of renewable energy into the grid. By working together, these regions can accelerate the transition to a low-carbon economy, enhance their energy security, and contribute to global efforts to address the climate crisis. India and ASEAN countries can also explore new opportunities for collaboration in areas such as green hydrogen, carbon capture and storage, and electric mobility.

Climate Smart Trade/Sustainable Trade: Climate-smart trade or sustainable trade is an emerging agenda for cooperation between India and ASEAN countries. India and ASEAN need to focus on enhancing their cooperation on climate-smart trade, which involves promoting the use of sustainable

production practices, reducing greenhouse gas emissions, and adopting climate-friendly technologies. India and ASEAN can explore new opportunities for collaboration in areas such as green trade, eco-tourism, and sustainable infrastructure development. They can also work together to promote sustainable supply chains, by encouraging the adoption of sustainable production practices and reducing the environmental impact of transportation and logistics.

Connectivity Cooperation: India and ASEAN countries should work together to enhance their physical connectivity through the development of new multimodal connectivity projects, such as the India-Myanmar-Thailand Trilateral Highway and the Kaladan Multimodal Transit Transport Project. These projects have the potential to transform regional trade and investment, and create new opportunities for economic growth and development. Completion of these projects will certainly enhance the trade and transportation between India and Southeast Asia. Digital connectivity is another key area where India and ASEAN may collaborate to enhance trade and connectivity. People-to-people connectivity is another crucial aspect of connectivity that can help to promote social and cultural integration in the region. Maritime connectivity is one of the vital areas for cooperation between India and ASEAN. India and ASEAN can work together to enhance their maritime connectivity through various measures, such as the development of new ports, the expansion of existing ports, and the improvement of shipping lanes and logistics networks.

Health Cooperation: Health cooperation is an emerging agenda for cooperation between India and ASEAN countries, driven by the need to address common health challenges and strengthen health systems in the region. The COVID-19 pandemic has highlighted the importance of collaboration and cooperation in the health sector, and has underscored the need for greater investments in health research and innovation. India and ASEAN have a shared interest in promoting public health and enhancing healthcare access in the region. In addition, India and ASEAN can explore new opportunities for collaboration in areas such as pharmaceuticals, medical devices, and traditional medicine.

Concluding Remarks

ASEAN and India have been playing significant roles in shaping the regional and global economic landscape. It is the high time to set a new agenda for India-ASEAN cooperation for the coming years. To conclude, economic cooperation between ASEAN and India can also help to promote regional

integration and stability, as well as to address common economic, social and environmental challenges. By working together to promote trade and investment, and to develop key sectors such as agriculture, manufacturing, and technology, ASEAN and India can help to increase economic growth and development for both regions, and to create new opportunities for businesses, entrepreneurs, and consumers.

Albanese's first visit to India as PM boosts the new strategic partnership

by

Pradeep Taneja

Anthony Albanese's first visit to India (8-11 March) as Australian prime minister marks a significant milestone in the growing Comprehensive Strategic Partnership between the two nations. The visit was significant for three key reasons.

First, it marked an important step-up in defence cooperation between the two Indo-Pacific countries, each concerned about the threats to regional stability and security arising from a growing Chinese footprint on its periphery. Albanese's announcement during his visit that Australia will host the next iteration of the Malabar exercise was a clear indication of the strengthening of the Quad partnership that also includes the United States and Japan. The joint statement issued after Albanese's talks with Prime Minister Modi also referred to continuing discussions about the possible joint deployment of aircrafts on each other's territory to enhance maritime domain awareness. In a sign of the emerging defence partnership, the Australian prime minister was welcomed aboard India's new aircraft carrier, INS Vikrant, by Indian Navy personnel during a visit to Mumbai. Albanese [declared](#) that India was now a "top-tier security partner" of Australia.

Second, the first visit to India by an Australian prime minister since 2017 was also significant for economic reasons. While the value of Australia-India two-way trade (A\$34.3 billion in 2021) seems insignificant in comparison with Australia's trade with China (A\$267 billion in 2020-21), the determination by both countries to reduce over-dependence on China and diversify their trade relations adds a new dimension to the bilateral economic relationship. Just as Australian companies are being encouraged to diversify their sources of supply, India can become a long-term supplier of electronic and other industrial equipment and consumer products as its industrial capacity grows and Indian products become more competitive in price and quality. The Australian government is also very keen to upgrade the interim Economic Cooperation and Trade Agreement (ECTA) signed by the two countries in 2022 to a Comprehensive Economic Cooperation Agreement (CECA) by the end of 2023. Although this may be an ambitious deadline, the political will demonstrated by the leaders of both the countries in concluding the ECTA raises the prospects of CECA being finalised in the near future.

Finally, as Prime Minister Albanese celebrated the festival of Holi with the Governor of Gujarat and other local dignitaries in Gandhinagar, he [reminded](#) his Indian hosts that this was not his first Holi, which was already "a highlight on the Australian festival calendar". The people-to-people contacts and educational exchanges between the two nations have reached a new high. Australia's 700,000-strong Indian diaspora provides a solid base to turbocharge bilateral cultural, sporting and commercial ties. Indian

students in Australian universities and colleges make up the second largest group of international students after China; but in some universities they are the largest. Deakin University, which falls in the latter group, became the first foreign university to establish a campus in India during the Albanese visit.

The cricket rivalry between the two nations has also taken on a new meaning as the loud and proud supporters of the Indian team often turn up in huge numbers whenever Indians play the host team in Australia – something the Australian cricketers can only dream of when they play in India.

But like any other relationship, there will be challenges and risks that the bilateral relationship must contend with as and when they arise. This became evident during the joint address to the media when Prime Minister Modi publicly raised the incidents of vandalism targeting Hindu temples in Australia by the Khalistan supporters. Mr Albanese appeared a little surprised, but later [said](#) that he had assured Mr Modi that Australia does not “tolerate the sort of extreme actions and attacks that we have seen on religious buildings, be they Hindu temples, mosques, synagogues, or churches.” But by raising this issue in public, Mr Modi may have set a precedent for foreign leaders to raise concerns when similar events occur in India.

Another potential challenge to the bilateral relationship could come from within Mr Albanese’s own side of Australian politics. To the extent that the recent warmth in India-Australia relations is a subset of the transformation of US-India ties this century, the anti-US sentiments expressed by some leaders of Mr Albanese’s party may also pose a risk to the Australia-India relationship. Several senior leaders in the Australian Labor Party have expressed strong views against the new AUKUS partnership and criticised the slow progress in improving relations with China. The former Labor prime minister Paul Keating has been highly critical of the Australian foreign and security policies. He has in the recent past [described](#) India and Japan as the “wobbly ends” of the Indo-Pacific partnership and criticised India’s “feckless unreliability” and its human rights record. Mr Keating remains an influential figure in the Labor Party and his views could influence others in the Albanese government.

Overall, however, it is safe to argue that Australia-India relations have much room for growth and will continue to flourish in the current geopolitical environment. In many ways, the stars are aligned for a burgeoning strategic and economic relationship between the two countries over the next decade and beyond.

India-Japan Summit Meeting

by

Biren Nanda

Japanese Prime Minister Kishida Fumio paid a two-day visit to India from March 19 to 21, 2023. During their Summit meeting PM Modi briefed PM Kishida about the priorities of India's G-20 Presidency. Giving voice to the priorities of the global south was an important pillar of India's G-20 Presidency. PM Modi said that the 'India-Japan Special Strategic and Global Partnership' was based on our shared democratic values and respect for the rule of law in the international arena. Strengthening this partnership promoted peace and prosperity in the Indo-Pacific region.

During their meeting the two Prime Ministers reviewed the progress made in bilateral relations. They welcomed defense exchanges since the India-Japan Foreign and Defense Ministers' meeting in September 2022, including the first ever India-Japan fighter exercise.

They exchanged views on Defense Equipment and Technology cooperation, trade, health and the digital partnership. They also discussed the importance of reliable supply chains in semi-conductors and critical technologies. PM Modi noted "good progress" in the realization of the target of Yen 5 trillion in Japanese investment over the next five years.

In 2019 the two leaders had set up the "India-Japan Industrial Competitiveness Partnership" The Partnership was increasing India's competitiveness in logistics, food-processing, MSMEs, textiles, machinery and steel. There had been rapid progress in the Ahmedabad-Mumbai high-speed rail. In this context the two leaders welcomed the signing of a 300 billion Yen loan for the project. 2023 was being celebrated as the year of tourism exchange. PM Modi and PM Kishida also agreed to continue cooperation in the development of India's Northeastern region through the 'India-Japan Act East Forum'.

The two Prime Ministers discussed deepening cooperation in addressing food security and development financing. Prime Minister Modi accepted an invitation to participate in the G 7 summit in Hiroshima in May. They expressed their commitment to a rules based trading system and their intention to realize JPY 5 trillion worth of public and private investment from Japan to India during the next five years. Recognizing the importance of Climate Change and the India-Japan Clean Energy Partnership, the two Prime Ministers stressed the significance of various pathways for pragmatic energy transition.

The two leaders discussed cultural exchanges, exchange of youth, intern training, Japanese language education in India, exchanges between municipalities, exchange of students and the promotion of tourism as part of the efforts to enhance people to people exchanges between the two countries.

During his India visit the Japanese Prime Minister Kishida Fumio delivered a policy speech¹ at the Indian Council for World Affairs². The theme was Japan's plan for a "Free and Open Indo-Pacific" (FOIP) to be realized together with India as an indispensable³ partner. Kishida spoke of the "remarkable rise of India", the increasing diversity of the global south, geopolitical competition (Ukraine), global challenges like climate change and the impact of scientific and technological developments on communities – all contributing to the necessity of developing a FOIP, at this juncture. Under the FOIP, Japan will enhance connectivity of the Indo-Pacific region and encourage democratic values, promote the rule of law and achieve prosperity. The FOIP will encourage rule making by dialogue rather than through geopolitical competition. In this endeavor Japan will strengthen coordination with Quad nations, ROK, Canada and Europe.

In his speech Kishida set forth four pillars for the FOIP. The **first pillar** is principles for peace and rules for prosperity. These principles include respect for sovereignty, territorial integrity and opposition to changing the status quo by the use of force, creating a free, fair and just economic order, rule-making to prevent opaque and unfair development finance and the implementation of G-20 principles for 'quality infrastructure development'.

The second pillar is addressing challenges in the Indo-Pacific way. This would include cooperation in innovation and clean energy to realize the global green transformation, provision of food aid to vulnerable countries, harnessing expertise and technology to improve disaster prevention and response and ensuring a free and fair cyberspace to meet the challenge from disinformation.

¹ (March 21, 2023) During India Visit Japanese PM targets Russia. Courts Global South through Investment. The Wire.

<https://thewire.in/diplomacy/in-india-on-state-visit-japanese-pm-targets-russia-courts-global-south-through-investment>

² (March 20, 2023) Policy Speech by Prime Minister Kishida Fumio at the Indian Council of World Affairs. (ICWA). Prime Minister's Office of Japan

https://japan.kantei.go.jp/101_kishida/statement/202303/_00013.html

³ (March 22, 2023) India 'indispensable' to new Indo-Pacific Plan: Japan's Kishida. Daily Sabah <https://www.dailysabah.com/world/asia-pacific/india-indispensable-to-new-indo-pacific-plan-japans-kishida>

The third pillar is encouraging multilayered connectivity to help nations overcome their vulnerabilities and the promotion of the Bay of Bengal industrial value chain, which will maximize benefits for the landlocked states of northeast India and Bangladesh.

The fourth pillar is extending efforts for the safe use of the seas to the air, capacity building in maritime law enforcement, enhancing capacity for maritime domain awareness from the air and expanding efforts for maritime security. This would include provision of coast guard patrol boats, equipment and other security infrastructure to Indo-Pacific countries. Kishida said that this fitted in well with Japan's new 'national security strategy' adopted in December last year.

Concluding his speech Prime Minister Kishida announced the investment by Japan of US \$ 75 billions⁴ in public and private funds in the Indo-Pacific region by 2030. Kishida also contributed an article⁵ to the Indian Express which appeared on March 20, 2023. The article touched briefly on the themes articulated during the visit.

Conclusion

The significant outcomes of the visit of Japanese PM Kishida Fumio were:

- The two Prime Ministers discussed boosting bilateral ties in defense, the co-development of military hardware and cooperation in health-care, technology, logistics, food processing, MSMEs, textiles, semi-conductors and clean energy amongst other sectors.
- Prime Minister Kishida described India as "vital" to ensuring a "Free and Open Indo-Pacific" in the context of shared concerns on China. Prime Minister Modi averred that the 'India-Japan Special Strategic Partnership' is based on shared democratic values and respect for the rule of law in the international arena.

⁴ (March 20,2023) Kishida Pledges \$75 billion for Indo-Pacific Infrastructure on India Trip. Nikkei Asia
<https://asia.nikkei.com/Politics/International-relations/Kishida-pledges-75bn-for-Indo-Pacific-infrastructure-on-India-trip>

⁵ (March 2023) Contributed Article by Prime Minister Kishida Fumio to the Indian Express. Prime Minister's Office, Japan.
https://japan.kantei.go.jp/101_kishida/statement/202303/_00011.html

- Prime Minister Kishida unveiled a new plan⁶ to promote a “Free and Open Indo-Pacific” promising billions of dollars in investment for regional countries. The four pillars of Kishida’s plan are principles for peace and rules for prosperity, addressing challenges in the Indo-Pacific way, encouraging multilayered connectivity and extending efforts for the safe use of the seas to the air. To achieve this Japan promised US\$75 billion as private investment and ODA by 2030.
- In line with alliance commitments Kishida reiterated his opposition to “Russia’s aggression against Ukraine and stated that, “any attempt to change the status quo by force is unacceptable”. This underlined the divergence between the positions of India and Japan on the Ukraine conflict. That Kishida chose to visit Ukraine after the conclusion of his India visit shows a certain disregard for Indian sensitivities on the subject.

India and Japan share strong economic ties. Bilateral trade in 2021-22 was US\$ 20.57 billions. Between 2000 and 2019 bilateral investment from Japan to India amounted to US\$ 32 billions. However, these figures fell short of expectations on both sides considering the size and potential of the two economies.

No new ground appears to have been broken in the area of Defense cooperation. In this context it is significant to note that Prime Minister Modi conveyed to PM Kishida India’s desire for co-innovation, co-design and co-creation in the defense sector.

India, which is the current chair of the G-20, and Japan which is the chair of the G-7, are the key to stability in the region. China’s territorial claims in the East and South China Seas, North Korea’s nuclear and missile development and border clashes along the Sino-Indian border have rattled regional countries. Japan and India are the only two regional powers in the Indo-Pacific, which have the capacity and heft to counter the Chinese threat to regional security.

⁶ (March 20, 2023) Golgappas, idlis and bilateral ties: All about PM Modi’s and Japanese PM Kishida’s Meet. Business Today
<https://www.businesstoday.in/latest/politics/story/golgappas-idlis-and-bilateral-ties-all-about-pm-modi-and-japanese-pm-kishidas-meet-374211-2023-03-21>

The waxing and waning bilateral relations of Japan and South Korea

by

Anshita Shukla

The leaders of the two critical US allies in Asia met after a hiatus of twelve years, as President Yoon Suk Yeol of South Korea landed in Tokyo for the Japan-South Korea Summit on March 16. A week prior to the visit, the two countries struck a deal to resolve the forced labour issue under which the former workers will be compensated through a foundation financed by South Korean companies that benefited from the grants and loans given by Japan under the 1965 normalization treaty⁷. This agreement supplements revitalised efforts by the new leadership in both nations to mount a unified challenge against aggravated geopolitical tensions in the neighbourhood.

The more than a century-old turbulent bilateral relationship between Tokyo and Seoul plunged to a new low after the 2018 Supreme Court ruling in South Korea on the issue of forced labour during the Japanese occupation⁸. Post South Korea's Supreme Court ruling, bilateral relations deteriorated rapidly. Japan retaliated to the ruling by removing South Korea from the "whitelist" of nations entitled to simplified export control procedures and imposed export controls on three chemicals critical for manufacturing semiconductors⁹. South Korea argued that the export restrictions "constitute a politically motivated, disguised restriction on trade" and filed a case against Japan in the World Trade Organisation (WTO)¹⁰. South Korea threatened to suspend the military intelligence-sharing pact with Japan¹¹. The two sides suspended joint military drills with the United States and the bilateral security dialogues amidst heightened tensions.

The new leadership in both countries reignited hopes of reinstating normalcy to bilateral relations. Prior to the commencement of his term as the President, conservative leader Yoon Suk Yeol dispatched a delegation to Tokyo for policy deliberations representing his commitment to improving bilateral relations¹². The senior positions in President Yoon's cabinet have been filled with personalities who have previously worked at improving bilateral ties with Japan like Foreign Minister Park Jin, National Security Advisor Kim Sung-Han, and Deputy National Security Advisor Kim Tae-hyo. Since coming to office, Yoon's administration has reinstated

⁷ Japan, South Korea Reach 'Groundbreaking' Deal to Mend Ties, [Bloomberg](#), March 6, 2023

⁸ South Korean Court Orders Mitsubishi of Japan to Pay for Forced Wartime Labor, [The New York Times](#), November 29, 2018

⁹ Japan Imposes Broad New Trade Restrictions on South Korea, [The New York Times](#), August 1, 2019

¹⁰ South Korea-Japan trade fight moves to global dispute panel, [AP News](#), July 29, 2020

¹¹ South Korea To Scrap Military Intelligence-Sharing Agreement With Japan, [NPR](#), August 22, 2019

¹² Delegation sent by next South Korean leader arrives in Japan, [NIKKIE Asia](#), April 24, 2022

trilateral military exercises with the United States and Japan and participated in 40 trilateral meetings. The leaders in ROK and Japan have met four times¹³. The Japan-South Korea Summit concluded as the two sides agreed to resume regular visits and restart the bilateral security dialogue. Japan agreed to withdraw export controls.

Under democratic elections, the strong anti-Japanese public sentiment in South Korea has served to constrain leaders from pursuing conciliatory policies towards Japan in the past. The 1965 normalisation treaty finalized under Park Chung-hee witnessed a strong backlash as 3.5 million people protested under the slogan "Stop the humiliating diplomacy. President Lee Myung-bak backtracked on his Japan policy as he was forced to terminate negotiations for a military intelligence-sharing deal with Japan due to a public outcry¹⁴. To regain public support and repair his image, he visited the disputed territory of Dokdo. A similar fate threatens Yoon's actions and intentions. Yoon has claimed victory in the elections by a razor-thin margin. Recent public polls suggest a 60 percent public opposition to the forced labour agreement with largescale protests denouncing the South Korean government under the banner of "Yoon Suk-Yeol's humiliating diplomacy is out!"¹⁵

In Japan, Prime Minister Kishida had previously played a pivotal role in brokering the 2015 Comfort Women Agreement¹⁶. Before his appointment, during a party presidential candidate debate, Kishida stressed the need for Seoul to agree to previously negotiated terms to move forward in the relationship. He is a leader of Kochikai, the most liberal faction of the Liberal Democratic Party, suggesting a more balanced approach towards South Korea. Since assuming office, the Kishida administration has responded positively, and reciprocated Yoon's measures aimed at stabilising the relationship. However, the high approval ratings of Kishida, leave him susceptible to domestic political pressures on his policy towards South Korea¹⁷.

Another force propelling the two leaders to drive their nations together are the shared geopolitical threats that Japan and South Korea face emanating from North Korea's nuclear program and China's growing assertions in the region. Just hours before President Yoon's arrival in Tokyo, North Korea fired an intercontinental ballistic missile (ICBM) which landed in waters west of Japan¹⁸. Over the years, the missile tests by North Korea have increased rapidly with 2022 witnessing a record-high number of 60¹⁹. In the first half of 2022, Japan had to respond 340 times to movements by Chinese

¹³ South Korea-Japan rapprochement creates new opportunities in the Indo-Pacific, [Brookings](#), March 17, 2023

¹⁴ Japan and South Korea Are Still Haunted by the Past, [Foreign Affairs](#), November 23, 2022

¹⁵ Survey finds 60% of South Koreans oppose Japan wartime labor dispute resolution, [The Japan Times](#), March 11, 2023

¹⁶ Will Japan's Kishida Take Relations With the Koreas in a New Direction?, [The Diplomat](#), October 5, 2021

¹⁷ Kishida Cabinet Approval Hits Record-Low 26.5 Pct: Jiji Poll, [Nippon.com](#), January 19, 2023

¹⁸ North Korea fires long range missile ahead of Japan-South Korea talks, [BBC](#), March 16, 2023

¹⁹ The CNS North Korea Missile Test Database, [NTI](#), February 16, 2023

aircraft and 95 times to Russian aircraft in the area²⁰. The conjoined actions have rendered the region highly unstable and susceptible to security challenges requiring a united approach.

The future of this reinvigorated partnership now rests on the ability of Japan to reciprocate the positive efforts of South Korea. Tokyo has lifted export controls and reinstated South Korea amongst the 'whitelist' nations while Seoul withdrew the WTO complaint against Tokyo²¹. However, a critical feature of the recent agreement on forced labour, propelling bilateral relations forward, is an implicit assumption by South Korea that the foundation for compensation will be voluntarily financed by Japanese companies as well. However, the Japanese government has maintained total silence on the issue. Japan's failure to deliver on this South Korean government aspiration could result in a backslide of the momentum in bilateral relations as it fuels the pre-existing anger against Japan's insufficient repentance.

A reconciliation between Japan and South Korea, traditional US allies in the region, is critical for the US grand strategy in Asia to counter China's aggression through the Indo-Pacific Strategy and Chip 4 alliance. It is in the national interest of both countries to pursue a unified front against their shared challenges and threats. While it is hard to gauge the depth of the reconciliation, it can be estimated that a certain level of engagement—trilateral with the US and bilateral security dialogues—between the two countries will be maintained in the face of heightened neighbourhood tensions.

²⁰ Japan Sees Rise in Fighter Scrambles Against Chinese Aircraft, [The Diplomat](#), October 14, 2022

²¹ South Korea's Yoon says Japan will return to trade 'white list', [Reuters](#), March 21, 2023



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