

India-Japan Trade and Economic Relations

Introduction

India and Japan share a longstanding friendship rooted in spiritual and cultural connections dating back to the visit of Indian monk Bodhisena in 752 AD. Diplomatic relations were established in 1952, evolving into a partnership of significant substance and purpose. Today, Japan is considered a key partner in India's economic transformation.

Bilateral Trade Overview

In the fiscal year 2022-2023 (FY23), bilateral trade between India and Japan totaled US\$21.96 billion. Japan's exports to India amounted to US\$16.49 billion, while imports from India were valued at US\$5.46 billion. During this period, Japan's exports constituted 2.62% of India's total imports, and India's exports to Japan represented 1.18% of its total exports.

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Major Exports from India to Japan

In FY23, India exported 4,557 commodities to Japan, with key exports including:

- **Marine Products:** US\$487 million
- **Petroleum Products:** US\$296 million
- **Organic Chemicals:** US\$292 million
- **Aluminum and Products of Aluminum:** US\$292 million
- **Pearls, Precious, and Semi-Precious Stones:** US\$280 million

From April to November 2023, India's exports to Japan stood at US\$3.33 billion, with significant contributions from engineering goods (US\$1.18 billion), organic and inorganic chemicals (US\$570.6 million), marine products (US\$289.5 million), and gems and jewelry (US\$180.4 million).

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Major Imports by India from Japan

During FY23, India imported 4,374 commodities from Japan, totaling US\$16.49 billion. Key imports included:

- **Residual Chemicals:** US\$2.27 billion
- **Iron and Steel:** US\$1.39 billion
- **Copper:** US\$1.29 billion
- **Industrial Machinery for Dairy, etc.:** US\$1.14 billion
- **Plastic Raw Materials:** US\$1.04 billion

Between April and November 2023, imports from Japan to India were valued at US\$11.84 billion, with major items being nuclear reactors, boilers, and parts thereof (US\$2.17 billion), copper and copper products (US\$1.68 billion), electrical equipment (US\$1.30 billion), inorganic chemicals and allied products (US\$1.09 billion), and iron and steel (US\$930.34 million).

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Economic Relations and Investments

The economic relationship between India and Japan holds vast potential due to their complementary economies. Japan's interest in India is driven by its large and growing market and abundant human resources. The signing of the Comprehensive Economic Partnership Agreement (CEPA) in August 2011 has accelerated economic and commercial relations between the two countries.

During Japanese Prime Minister Fumio Kishida's visit to India in March 2022, both nations expressed the intention to realize US\$37 billion (JPY 5 trillion) of public and private investment and financing from Japan to India over the next five years, targeting projects of mutual interest.

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Japan is currently the fifth-largest investor in India, with about 1,455 Japanese companies operating in the country. Notably, the two nations have committed to building a High-Speed Railway in India by introducing Japan's Shinkansen System, a flagship project of their bilateral relations.

Recent Developments

- **2023:** Foreign Minister Yoshimasa Hayashi highlighted the significance of the year, with Japan chairing the G7 and India leading the G20, emphasizing close coordination on global issues such as food security and development.
- **2022:** The two countries celebrated the 70th anniversary of diplomatic relations. Events included a webinar on "Exploring Tamil Nadu and its Potential Agricultural & Processed Food Products" to promote business opportunities in the agri and food processing sector among Japanese companies.
- **February 2022:** The Japan-India Foreign Ministers' Meeting reaffirmed commitments to promote economic cooperation in digital sectors, climate change countermeasures, healthcare, and economic security, including areas like Beyond 5G and supply chain resilience.
- **March 2022:** The Japanese Prime Minister visited India for the first time in four and a half years, and in May 2022, Prime Minister Modi visited Japan for the Japan-Australia-India-U.S. Summit Meeting, with both leaders agreeing to further develop bilateral relations and work towards a "Free and Open Indo-Pacific."
- **May 2022:** The 7th Joint Working Group under the India-Japan ICT Comprehensive Cooperation Framework was held, focusing on enhancing collaboration in information and communication technologies.

- **June 2022:** The Fourth Japan-India Cyber Dialogue discussed national cyber policies, cybersecurity strategies, and cooperation in capacity building and international forums.
- **September 2022:** The Second Japan-India 2+2 Foreign and Defence Ministerial Meeting was held, discussing regional and global affairs, bilateral security and defense cooperation, and coordination among like-minded countries.

Conclusion

India and Japan have witnessed increasing bilateral and multilateral engagement, strengthening their Special Strategic and Global Partnership. Despite global challenges, the two nations continue to collaborate across sectors such as health and medical care, transportation, power and energy, urban environment management, and agricultural and rural development, paving the way for a prosperous shared future.

Contacts

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