PM Modi in Japan: Symbolism and Substance amid Renewed Strategic Convergence

September 7, 2025

Summit Delivers: 13 Deals and $68B Commitment

During his two-day visit to Japan (29-30 August) at the invitation of Japanese Prime Minister Shigeru Ishiba, PM Modi attended the 15th India-Japan Annual Summit, where the two nations concluded 13 key agreements, while announcing several initiatives to deepen their strategic partnership. Marking the eighth decade of diplomatic relations, both governments adopted a Joint Vision for the Next Decade to guide cooperation across eight pillars: economic relations, economic security, mobility, ecological sustainability, technology and innovation, health, people-to-people exchanges, and state–prefecture partnerships.

Maintaining its decades-long investment record, Japan committed USD 68 billion in investment over the next decade. Besides signing a Joint Declaration on Security Cooperation,

meant for broadening the scope of defense ties, the two sides sealed various agreements, including on economic security, to enhance supply chain resilience in strategic sectors such as semiconductors, clean energy, telecom, pharmaceuticals, critical minerals, and emerging technologies. Space collaboration advanced with an implementation arrangement for Chandrayaan-5, enabling joint lunar polar exploration by ISRO and JAXA. Whereas, the two partners also exchanged a human-resource exchange pact and launched the State-Prefecture Partnership Initiative to encourage subnational cooperation.

Meanwhile, both leaders struck an optimistic tone. While PM Modi affirmed that the visit laid a strong foundation for a "new and golden chapter," highlighting technology and innovation as key drivers, PM Ishiba urged both nations to draw on mutual strengths and address common issues confronting future generations. China's aggression in the East China Sea and South China Sea featured prominently in the joint statement, albeit implicitly. The two leaders voiced 'serious concern' over developments in these seas, including the militarization of islands, and 'strongly opposed' unilateral actions that threaten navigation and overflight freedoms or attempt to change the status quo through force. Comparedto the 14th Annual Summit, which only reaffirmed the importance of a rules-based maritime order and self-restraint, this rhetoric was notably sharper—signaling that Beijing's gestures of normalization to India have not weakened the latter's sensitivity to Japan's strategic concerns.

Strategic Positioning Amid China Tensions and US Tariffs

The optics just before Modi's visit demonstrated India's sensitivity to its ties with Japan. During his Shanghai Cooperation Organization (SCO) summit attendance in Tianjin, Modi chose to return early and skip China's September 3 military parade at Tiananmen Square—commemorating Beijing's victory in the 1937-1945 "War of Resistance against Japanese Aggression" and the "World Anti-Fascist War". Given the anti-

Japanese overtones, Modi's absence in the event underscored the importance India attaches to Japanese concerns and signaled that China cannot dictate India's external ties—something it has attempted previously, especially regarding India-US ties—even as Delhi cautiously engages with Beijing.

Economic partnership was one of the three focus areas of the visit, coming against the backdrop of Trump's 50% tariffs, Delhi's export diversification efforts, and attempts to ease exporters' short-term pain. The joint statement highlighted sectors severely impacted by these tariffs: textiles, agriculture, industrial capital goods, and MSMEs. With the US being India's top export destination, Trump's tariffs have not only jeopardized India's export revenue but also disrupted jobs in MSMEs reliant on US exports. By focusing on these sectors, India and Japan signaled intent to build an enduring partnership, while showing that India has reliable partners beyond the US.

While India has benefited from economic cooperation with Japan for decades, the visit reflected an attempt to cater to the latter's needs, marking an interesting calibration. A strong component of economic ties has largely been Japan's decades-long financial assistance in the form of FDI and Official Development Assistance (ODA). India remains the largest recipient of Japanese ODA, with strong annual FDI inflows. Japan's original target of USD 34 billion in public and private investments and financing by 2026 has already been achieved. The Human Resource initiative envisions an ambitious 500,000-person exchange over five years, including 50,000 skilled and potential Indian talents to contribute primarily to Japan's government, industry, and academia. Presumably, many of the Indian migrants will be trained through bilateral capacity-building hubs like the Skill Connect Platform and Skill Facilitation Cell, imparting Japanese industry-specific skills and language abilities. This initiative addresses Japan's acute labor shortage across

skilled and unskilled sectors due to its aging population.

Meanwhile, the visit also aimed to forge and advance future, multi-dimensional tech-oriented cooperation. Leveraging Japanese technology and growing Indian high-tech talent, the new Japan-India Artificial Intelligence Cooperation Initiative was announced, advancing AI cooperation, including LLMs, establishing industry-academia exchange platforms, supporting joint research projects, and facilitating data center development in India. Another announced initiative, Digital Partnership 2.0, will advance collaboration in emerging technologies through digital talent exchange, R&D, startups, and corporate partnerships. Space cooperation witnessed an implementing arrangement for the Chandrayaan-5 mission, a joint exploration of the polar region of the moon by the space agencies of both nations, underscoring the partnership's futuristic orientation. Additionally, initiatives for clean energy technology cooperation were announced, including the establishment of the Next Generation Mobility Partnership (NGMP) and the Initiative of Clean Energy Mobility and Infrastructure for Next-Generation (ICEMAN), alongside an emphasis on collaboration for green hydrogen value chain development. The timelines or specific targets of these initiatives remain unclear, even though they come amid efforts by both countries to fulfil their respective 2030 EV sales and emission reduction targets.

Long-Term Promise, Short-Term Constraints

Japan's technological edge in many of the new and emerging technologies, coupled with India's scale, demand, and ongoing initiatives, suggests complementarity and potential for robust cooperation.

Semiconductors could be one of the promising areas, where Japan could be India's reliable long-term partner alongside Taiwan and South Korea. Japan's position as the third-largest chip producer, its competitiveness in certain semiconductor

devices, and its desire for new supply chain partnerships indicate collaboration potential. Relatedly, India's recent capital and capacity-building investments in its semiconductor ecosystem, significant chip design engineering talent, and intent to partner with Japan bode well for operationalizing the 2023 bilateral MoU on semiconductor development.

In the short term, Trump's tariffs also present an opportunity for the two like-minded states to progress bilateral trade that has long been modest. India's US exports are worth USD 77.5 billion (2024), growing over 10% annually, suggest that India stands to benefit from diversifying beyond the American market and leveraging untapped trade potential with Japan in sectors like electronics, agriculture, and automotive components.

Although Washington and Tokyo reached a trade deal in July to set a reduced 15% tariff on Japanese exports, some unresolved issues remain, including overlapping tariffs on certain goods and high US tariffs on Japanese cars (27.5%). Japan's exports posted the biggest monthly drop in four years in July, driven by a slump in exports to Washington, prompting Tokyo to cut its growth outlook for the year from 1.2% to 0.7%.

Nonetheless, if US tariffs on India remain in place for a longer period, there are limits to India's export diversification toward Japan vis-à-vis impacted Indian sectors. Japan, being the third-largest global auto manufacturer, imports cheaper industrial capital goods from China, prefers US agriculture for its unmatched reputation for safety and reliability, and sources more competitive textile and apparel products from China, Vietnam, and Bangladesh. These realities pose serious constraints for Indian exports to Japan. Moreover, India is more likely to find viable options with partners such as the UK, with which it has recently signed an FTA that entails duty-free access for many sectors hit by US tariffs.

In the long term, the fact that Beijing poses a common and primary strategic and security challenge to both countries was also evident in the announced Joint Vision. The emphasis on developing processing technologies, making joint investments for exploration, and stockpiling critical minerals assumes significance, as both sides have been at the receiving end (Japan more so) of China's critical mineral export curbs. China's predominance in minerals supply chains, combined with the absence of scalable alternative suppliers, serves as an anchor for India and Japan to endeavor to mitigate supply chain vulnerabilities across critical minerals value chains.

Thus, while the scope of bilateral ties appears relatively limited in the short-term, the long-term potential of the India-Japan relationship remains intact, given the convergences induced by structural factors—China, supply chain resilience, and the technology and workforce requirements of Delhi and Japan, respectively.