



## Trade War Paves Way For Closer Ties Between China, Japan And India: A Third Force To Mitigate Rivalry – Analysis

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While trade war deepens the global growth, it cools Japan – China and India – China relations, the two nations with which China has age-long political rivalry. In both cases, China has always been accused as aggressor and both India and Japan were persuasive. In a paradox, trade war reverses the situations. China vies for better of economic relation with both countries to counterbalance the deterrents of trade war. In semblance, both Japan and India reciprocated to China's offer for congenial relation.

The volta-face of Japan was epitomized by Japanese Prime Minister Shinzo Abe's visit to Beijing in October 2018. He pitched for China cooperation to jointly operate infrastructure projects in third countries. Further, this visit attached more significance since it was after seven years of stand-off due to Chinese claim in Senkakus Island and Diaoyo in East China sea in 2012.

Incidentally, the stand-off between China and Japan was overridden by the Trump's high tariff trade protectionism for the sake economic interests. Both underlined the challenges for reinvigoration of economic cooperation to outsmart the Trump's protectionism by jointly operating in third countries – a first time attempt to accelerate the economic cooperation and mitigate the rivalry. During the visit to Beijing in October 2018, Japan inked 50 Japan-China infrastructure projects in Thailand, beginning with smart city.

At the same time, close on the heel, China vies for India's heart by ensuring large imports from India, probably to mitigate India's outcry for large trade deficit. Exports from India to China jumped by 25

percent during June to November 2018 – the trade war trodden period. China was keen to import agricultural products to counterbalance the loss on imports from USA, such as soybean meal and other agricultural products. China is also keen to invest in India after losing the low cost paradise in manufacturing. This was manifested in manufacturing electronic industry , such as mobile phones. This means that economic exigency swamped the political bitterness, which was playing hardball for economic cooperation.

Whether the new relations between Japan and China and India and China will sustain or not, time will speak. The 90 days truce between USA and China is unlikely to end the deadlock as little progresses were made so far.

In this new synergy, where both India and Japan vow for Chinese cooperation and China vies for both nations' support to counterbalance the impact of Trump's trade tiff, Indian Prime Minister Narendra Modi's visit to Japan , just preceding Japanese Prime Minister Abe's visit to China , drew greater attentions of political pundits. Indeed, there are several commonalities between India and Japan's relation with China, they said. For example, both have bigger trade dependence on China.

Both India and Japan were assertive to take forward economic relations with China in new directions. Japan pledged for joint partnership with China in third countries and India emphasized for China's cooperation to spur its agriculture exports, which would be vacated by USA, in the wake of China's retaliation. India announced a new agriculture export policy, removing several restrictions , keeping an eye on vast Chinese market.

Eventually, the impact of trade war on India and Japan in relation to China unleashed green shoot and is likely to ebb China's aggression , similar on the line of Doclam stand-off or South China sea . Since the trade war, there was no major incident of clamoring for border trespassing with India or China's uproarious claim in South China sea.

In case of India –Japan, relation deepened after Mr Modi wrote a new chapter. The genesis of the new chapter was a shift from a strategic economic partnership to a global partnership. He reiterated that India and Japan were the two oldest democracies in Asia and were among the three biggest economies. He asserted that 21st Century is to be decided by Asian countries and India and Japan bilateral relation would be the engine for 21st Century growth.

During Modi regime, India–Japan relation witnessed a paradigm shift from a bare bilateral trade and investment link to special strategic and global partnership. It extended to joint partnership for economic development of third countries and defence cooperation. Development of AAGR (Asia-Africa-Growth-Corridor) project, joint cooperation for development of Chabahar Port in Iran, strengthening of defence cooperation for national security with Memorandum of Understanding on Defence cooperation and Exchanges exhibit the dynamism of the relation in global partnership and defence cooperation.

To synergize Modi's Act East Policy, Japan pledged for joint partnership with India's neighbours. It entered in MOUs for development of housing, education and electrification projects in Myanmar and enhancing road connectivity with Bangladesh by way of constructing four lane road and reconstructing bridges.

It is presumed that the new dynamism in China-Japan-India relation will curtail the scope for undercutting competition in Asia and will establish a fair ground for development of infrastructure. Indonesia was a case in point. Japan lost high speed railway project in Indonesia against the stiff

completion from China, despite providing better technology and undergoing for half a decade hard negotiations with Indonesian government.

Trade war, which brings thaw in Sino -Japan relation and upticks Sino – India economic cooperation, will bring ADB ( Asian Development Bank) and AIIB (Asian Infrastructure Investment Bank ) -the two big Asian multilateral financial institutions – closer to each other. Both are major funding agencies for development of infrastructures in Asia. Hitherto, the relation between the two were thorny , competing against each other by virtue of their dominance. ADB is dominated by Japan and AIIB is dominated by China. India is the second biggest stakeholder in AIIB. Trade war will likely weed out the competitive attitudes between the two funding agencies and open new scope for substantial fund for the development in Asia.

In the light of these scenario, the bottom-line of the trade war is that it will bring détente in the political rivalry between the three Asian economic honchos and unfold a new era of Asian economic cooperation as the wings for global growth.

*Views expressed are personal*

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