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Japan's Foreign Aid and 'Quality' Infrastructure Projects: The Case of the Bullet Train in India

Purnendra Jain*

Abstract

This paper analyses Japan's motivation for supporting the high-speed rail (HSR or bullet train) project in India, its largest ever single-country Official Development Assistance (ODA) yen loan project. The paper explores the strategic underlay for Tokyo's new thinking about ODA projects, centered on 'quality' infrastructure, and argues that by nature, scale, and location, the HSR project is an outstanding example of Japan's contemporary strategic aid. Concerned with 'comprehensive national security,' this aid is mindful of Japan's economic interests as well as its national security and defence. India's rising economic potential as a huge future market has great appeal for Japan, but foremost it is India's current strategic importance in the context of power shifts at Asian regional and global levels that steers Japan's rising interest. The HSR project's multiple strategic dimensions are also shaped powerfully by the moves of China, Japan's key economic and strategic competitor. Since these circumstances heighten the strategic stakes for guiding the region's infrastructure development, Japan's HSR ODA project for 'quality infrastructure' in India provides new insights into not only the country's current relationship with India, but also Tokyo's broader thinking about strategic aid, especially through the 'quality' lens in its contemporary aid narrative.

Keywords: Japan, ODA, Japan–India Relations, Quality Infrastructure, Bullet Train, Aid Politics, Strategic Aid.

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Introduction

As its largest ever Official Development Assistance (ODA) project in a single country, Japan has committed to fund a high-speed rail (HSR) line in India using Shinkansen bullet train technology. Connecting Mumbai with Ahmedabad and covering a distance of 508 Km, this is only Japan's second off-shore project for an HSR, after its first in Taiwan that was completed in 2007. However, while Taiwan's HSR was also based on Japanese Shinkansen technology and technical assistance from Japanese railway companies, the project was funded through private capital. In contrast, the Indian HSR project with an initial cost of US\$15bn is funded largely through Japan's yen loan program. The loan is provided on generous terms with an interest rate of 0.1 percent and repayment over 50 years with 15 years grace.

Why has Japan been eager to support this huge infrastructure project in a country that mattered little just a decade or so ago? In fact, two decades ago Tokyo stridently criticized India for conducting nuclear bomb tests. Then both houses of the Japanese parliament passed a unanimous resolution condemning the Indian act, imposed economic sanctions and criticized India in international forums such as the United Nations. Japan was also not supportive of India's bid for entry into such regional forums as the Asia Pacific Economic Cooperation (APEC) forum or the ASEAN Regional Forum (ARF). Political and economic interaction between the two nations remained insubstantial until just over a decade ago. Today, however, the geostrategic landscape – and Japan's assessment of India within it – has shifted dramatically.¹

¹ For example, by 2005 Japan was strongly supporting India's membership in the East Asian Summit. <https://www.mofa.go.jp/region/asia-paci/india/partner0504.html>

This paper explores Tokyo's motivations for supporting the immensely expensive HSR project in India as an example of Japan's current thinking and practice in providing strategic, 'quality infrastructure' ODA, and for what it says about Japan's current relationship with India.

The paper argues that this exceptional ODA project is by its nature, scale, and location an outstanding example of Japan's contemporary strategic aid, serving ends that are both practical and symbolic. Here, the concept of 'strategic' is concerned with Tokyo's understanding of 'comprehensive security,' which takes into account not just national security and defence positioning, but also the international economic interests that are intrinsic to securing the nation's well-being. The HSR project provides Japan with opportunities to help satisfy its economic goals by promoting the overseas expansion of both Japanese companies and the effectiveness of its infrastructure system (MOFA 2017b, 308-310). But these economic goals also have vital strategic dimensions, especially since Tokyo recognizes a strategic imperative to set in place hardware that can generate and enhance its capacity to guide – or at least be involved in – the development of infrastructure and connectivity in the Asian region. The economic and strategic consequences of positioning at the infrastructure helm for the region and beyond are thus of major interest.

Here, the imperative to act comes mainly from China, Japan's major regional competitor. In recent years China has gained an advantage over Japan with generous infrastructure financing and cheque-book diplomacy across Asia through the mammoth Belt and Road Initiative (BRI) investment program. Indeed, in bidding to conduct a similar HSR aid project in Indonesia in 2015, Japan lost out to China whose bid for the project involved no-strings finance. Losing in Indonesia boosted the strategic appeal to Japan of funding the first HSR in India. It was recognized that this move would not simply symbolize and fortify the strategic disposition between the two nations; importantly, Tokyo understood the value for Japan of the

‘demonstration effect.’ This HSR project could potentially serve as a catalyst for Japan’s involvement in similar hi-tech infrastructure projects in other countries. In addition, it could be a highly effective approach to ‘comprehensive security’ by helping to sharpen Japan’s competitive edge economically and strategically, especially vis á vis China. The China factor also explains why Tokyo has recast its ODA narrative to refer to ‘quality infrastructure’ as counterpoint to China’s BRI construction schemes that sometimes are seen to be lax in administration and execution.

This paper analyses the bullet train project in India in the context of Japan’s ODA narrative that officially speaks of its infrastructure projects in terms of ‘quality growth,’ ‘quality infrastructure investment,’ and ‘partnership for quality infrastructure.’ In setting the context, the first part overviews the Japan–India relations of recent years, and the second considers Japan’s ODA program, exploring conceptual thinking around ‘quality’ infrastructure projects, the types of projects Tokyo chooses to fund, and why it still uses the yen loan program for so much of its ODA funding. The third section turns to Japan’s major ‘quality infrastructure’ ODA projects and their links to Japan’s new geo-political strategy of a ‘free and open Indo-Pacific.’ Section four homes in on the HSR project in India, and the final section concludes the discussion and considers the prospects for Japan–India relations on this basis. Overall, the paper argues that Japan’s HSR project in India is motivated largely by Tokyo’s rising concern at Beijing’s increasing economic outreach and its military designs in Asia and elsewhere. The provision of such ‘quality infrastructure’ is thus aimed at advancing Japan’s strategic and economic position regionally and beyond the Asia Pacific Region.

Japan–India Relations: A Bird’s Eye View

Japan–India relations are witnessing their most productive period in history. The recent literature presents rather positive assessments (e.g., Mukherjee and Yazaki 2016; Horimoto 2017; Jain 2017) that are increasingly couched in the language of strategic partnership (Basrur and Kutty 2018). This contrasts with the earlier literature, as little as there was, that generally acknowledged the relationship as “distant” (e.g., Vishwanathan 1993; Jain 1996) and at best urged stronger ties on the basis of earlier goodwill and the vast untapped areas of potential cooperation and convergence (Okata 1978; Seminar 1992; Yamazaki and Takahashi 1993; Kojima 2002). Separated strategically throughout the post-war period, small peaks of ‘togetherness’ were soon followed by troughs; there were no medium or long-term shared interests or mutually beneficial ideas. And in 1998, India’s nuclear tests and Japan’s stronger-than-expected negative response plunged the relationship into an exceptional but brief nadir, which was only ended publicly when Japanese Prime Minister Yoshiro Mori visited India in August 2000 and declared India and Japan to be global partners. The move opened a new chapter in the bilateral relationship in the context of global and regional power shifts, and the relationship has moved steadily on an upward trajectory into the 21st century (Jain 2010, Horimoto 2017).

Visiting India in April 2005, Prime Minister Junichiro Koizumi reaffirmed that the ‘global partnership’ between the two countries reflected the convergence of their long-term political, economic and strategic interests and announced several initiatives to strengthen this partnership.² However, the strongest cheerleader for India among Japan’s top political leaders has been Shinzo Abe, who served as prime minister in 2006–7, and since returning to office in 2012 has maintained this supportive position. Visiting India in 2007, Prime Minister Abe

² <http://www.mofa.go.jp/region/asia-paci/india/partner0504.html>

delivered his renowned speech on ‘the confluence of two seas,’ emphasizing the importance of India as an Indian Ocean power for Japan as a Pacific Ocean resident (Jain 2007). Since 2007, Japanese prime ministers and Indian prime ministers have met annually in a summit setting that has served as a formal institution where the two leaders review progress and announce plans and actions for further strengthening their special global and strategic partnership.

Economic relations based on trade and investment have strengthened but are still underperforming relative to their potential, given the improved investment climate in India and the bilateral economic partnership agreement signed by the two nations in 2011. In 2015, Japan was India’s 11th largest export partner and India was Japan’s 23rd largest, while for both, China was number one.³ Trade in actual dollar terms has in fact decreased over the years, from \$18.5bn in 2012-13 to \$13.5bn in 2016-17,⁴ though the presence of Japanese companies in India has increased from 550 in 2005 to 1369 in 2017 and is growing steadily. More than 9000 Japanese nationals now stay and work in India compared to 4000 in 2009.⁵ Yet alongside this growth in bilateral trade and investment there has been a dramatic transformation in another aspect of the economic relationship, Japan’s official aid to India, which has increased exponentially through the 21st century as the funding for the bullet train epitomizes. Between 2012 and 2016, Japan disbursed more than \$15bn in yen-denominated loans to India.⁶

The most significant development in this bilateral relationship in the 21st century is not, however, simply trade or investment. It has been the creation of a strategic level relationship. This largely explains the transformation in Japan’s ODA to India, since bilateral ODA projects in recent years

³ JICA India Office.

⁴ <https://www.livemint.com/Politics/S7iA23p9KRrKMiWiy7YbqI/Indias-exports-to-Japan-halve-to-38-5-billion-in-four-year.html>

⁵ https://www.in.emb-japan.go.jp/PDF/2017_co_list_en.pdf;
<https://www.mofa.go.jp/region/asia-paci/india/data.html>

⁶ <https://www.mofa.go.jp/files/000142555.pdf>

have had strategic as well as economic purposes, as again the bullet train project epitomizes. Especially significant have been moves to institutionalize security arrangements. These include the Japan–India Comprehensive Security Dialogue inaugurated in 2001, the Joint Statement Towards a Japan–India Strategic and Global Partnership in 2006, the Joint Declaration on Security Cooperation between Japan and India in 2008, and the bilateral 2+2 Dialogue between top-level defence and foreign affairs representatives since 2009, upgraded to ministerial level in 2018 during the Abe-Modi summit in Tokyo. Defence chiefs of the two countries now visit each other regularly. Although India is still ambivalent, ideationally it now supports Japan’s concept of a ‘free and open Indo-Pacific’ framework. Japan and India also now have a trilateral framework with the United States, which although not highly active includes the Malabar naval exercises comprising the U.S., India, and Japan as permanent members. Overall though, India maintains its ‘strategic autonomy’ narrative and conducts diplomacy through a multi-engagement approach to foreign policy rather than being bound by an alliance relationship, as New Delhi does not want to be beholden to a particular group of allies and partners.

These bilateral strategic arrangements have been inspired by major developments within and beyond the region. For Japan, they are to some extent a response to the decline in the influence of the United States, Japan’s major security partner, at the same time as interest in India has grown. They are also in response to Japan’s imperative to secure trade and energy networks based on critical maritime routes and to tap into the emerging market potential in Southeast Asia and beyond, partnering with India where necessary. Primarily, however, the moves are in response to an increasingly assertive China, which overtook Japan as the world’s no. 2 economy just a few years back. Indeed, both Japan’s and India’s bilateral relations with China are intrinsic to their bilateral relations with each other.

Overall, Japan–India relations are strong and now fortified by shared strategic interests.⁷ As the rationale of Japan’s foreign policy has been identified more clearly on the basis of universal values like democracy, rule of law and respect for human rights, India’s affirmation of these values helps to underscore their shared bilateral vision. Foreign policy initiatives have come from both sides, including the ‘India–Japan Vision 2025’ that envisages a ‘Special Strategic and Global Partnership’ aimed at securing the strategic stability and economic prosperity of the Indo-Pacific region, and has already culminated in the creation of the Asia–Africa Growth Corridor (AAGC) in 2017.⁸ Japan has relinquished its resistance to recognizing India’s nuclear stance, which had been a sticking point in the relationship for some years. New Delhi has desperately and consistently sought from Tokyo what it had achieved with many other nations including the United States: recognition of India’s nuclear status through a civil nuclear cooperation agreement. The pursuit of closer strategic relations with India ultimately led Tokyo to shift its position and in November 2016 sign an agreement that came into force in July 2017 (Tamari 2017).⁹ India is the only non-NPT signatory state with which Japan has a nuclear pact, again underlining India’s strategic importance for Japan.

Leadership of the two nations is also significant in this picture. Momentum in Japan-India relations began some years back under earlier national leaders, but the current national leaders, Prime Ministers Shinzo Abe, and Narendra Modi, are staunch mutual supporters and committed to taking the relationship to new heights. In a piece in India’s leading daily newspaper *Times of India*, Abe affirmed his conviction that the India–Japan relationship has great potential. He

⁷ Japan and India have been in discussion since 2011 about the sale of an amphibian aircraft to India, but this is yet to materialize. If the sale goes ahead, India will be the first to receive a state of the art ShinMaywa US-2 aircraft. This delay has, however, not caused bilateral friction between the two nations.

⁸ http://www.mea.gov.in/bilateraldocuments.htm?dtl/26176/Joint_Statement_on_India_and_Japan_Vision_2025_Special_Strategic_and_Global_Partnership_Working_Together_for_Peace_and_Prosperty_of_the_IndoPacific

⁹ <https://www.mofa.go.jp/mofaj/files/000202920.pdf>

claimed that a ‘strong India is in the best interests of Japan, and a strong Japan is in the best interests of India’ (Abe 2015) Likewise, Modi has claimed, ‘No nation has contributed so much to India’s modernization and progress as Japan – cars, metros and industrial parks, for example. And, no partner is likely to play as big a role in India’s transformation as Japan’ (quoted in Abe 2015). Both leaders seemingly have staying power and are likely to push the relationship as far as possible without being in a military alliance, even with diverging views on some matters.

Japan’s ODA: A Brief Background

Japan’s ODA program is consistent with that of virtually all foreign aid donors in seeking to meet its own national interests as well as the needs of recipients. That is why cultivating economic opportunities for Japan has long been a component of Japan’s ODA program, and why infrastructure development has played a huge part in ODA projects. It is also why Japan’s ODA program is increasingly oriented to its pursuit of strategic objectives through projects that also meet recipients’ needs. Until 2010, Japan was the first and only Asian nation in the Development Assistance Committee (DAC), the western group of 30 industrialized and developed donor nations, and today it remains the fourth largest donor within the DAC.¹⁰

Japan’s aid policy and its geographical focus were transformed quite significantly during the 1990s and 2000s (Jain 2016). Once largely concentrated in Asia, the geographic span of Japan’s ODA policy now extends to almost all continents, covering some 150 countries. A most important divergence from Asia has been to Africa, where Japan engages most countries through the Tokyo International Conference on Africa Development (TICAD), a process established in 1993. In policy terms, aid has evolved from pursuing largely economic interests, often expressed

¹⁰ <http://www.oecd.org/development/financing-sustainable-development/development-finance-data/ODA-2017-complete-data-tables.pdf>. South Korea is the second Asian nation to join DAC (in 2010).

in a mercantilist framework, to supporting Japan's 'comprehensive security' policy, especially for securing vital resources, initially mainly oil from the Middle East. Tokyo also aligns its aid to the strategic interests of its principal ally, the United States, supplying aid to such frontline states as Turkey and Pakistan at the height of the Cold War for example.

With the end of the Cold War in the early 1990s and against the background of severe domestic and international criticism suggesting that Japan's huge foreign aid program lacked a clear philosophy, Tokyo set out a new ODA policy with a new philosophy articulated through official guidelines. The first ODA Charter was issued in 1992 and revised in 2003. A new version, now called the Development Cooperation Charter, was announced in 2015. The first ODA charter was released following the end of the Cold War and identified broad aims such as promoting democracy, human rights, and environmental protection, and opposing militarization. The revised Charter added human security as an important component of the nation's aid philosophy. The 2015 Charter retains much of the philosophy and many of the aims outlined in the earlier versions, but unashamedly declares that Japan will use ODA to promote its national interests and pursue a policy of 'proactive contribution to peace,' neither of which were articulated in the earlier versions. Although Japan still maintains its policy of not providing ODA for military purposes, today Tokyo's strategic deployment of ODA includes support for capacity building for maritime law enforcement in neighboring countries through the supply of surveillance vessels, lifeboats, and aircraft to countries such as Vietnam, Indonesia, and the Philippines.

One major component of Japan's aid program that has distinguished it from the programs of many of its DAC peers is the extensive use of loans (on very generous terms) rather than grants (given gratis). Japan's yen loan program was begun in 1958 to support infrastructure development in recipient nations. It still remains the mainstay of Japan's aid program, although the nature and the types of infrastructure projects have changed to be better aligned with the

needs of recipient nations and with Japan's own aid norms and principles. Japan is the number one DAC donor in terms of its share of loans to grants and technical programs. The ratio in 2017 was close to 65:35, followed by France and Korea in distant number two and three positions.¹¹

While many DAC donors hardly use their ODA budget for loan programs, Japan's rationale for ODA through loans rather than grants is the firm belief in 'self-help' so that recipient nations take responsibility for their projects. Thus, Japan funds the bulk of the project cost on generous interest and repayment terms, but recipient nations must also make a contribution to build in themselves a sense of partnership with Japan as donor, and take ownership of the project and consequently the will to look after it.

Today Japan is not the only Asian nation that spends the bulk of its aid budget on infrastructure development projects. China, which came to appreciate Japan's philosophy of loans over grants while itself a recipient of Japan's ODA, has emerged over the last decade as a large aid donor and favors the use of aid loans. China is not a DAC member, but has risen quickly to challenge Japan's presence in the field, displacing Japan as primary donor in many recipient nations. More recently, through its OBOR (One Belt and One Road), later named the Belt and Road Initiative (BRI), China has announced that it will spend trillions of dollars on infrastructure development across several continents, linking the country to these continents through rail and shipping routes. In 2015, China established the Asian Infrastructure Investment Bank (AIIB), which parallels the Japan-dominated Asian Development Bank (ADB) that has been operating since 1966. Some observers (e.g., Furuoka 2018) see that this development may have created some opportunities for cooperation between China and Japan through their institutional leadership, leading to win-win situations for both donor and recipient nations, but so far cooperation has been limited and

¹¹ <http://www.oecd.org/development/financing-sustainable-development/development-finance-data/ODA-2017-complete-data-tables.pdf>

mainly tactical. Competition is real and strategic, as Beijing's foreign policy aspirations are for China to become a global power second to none, while Tokyo is not prepared to easily let go of Japan's capacity for regional and global influence.

Foreign Aid and 'Quality' in Growth and Infrastructure Development

Developing Asia, although now undergoing much faster economic growth, suffers acutely from infrastructure deficits, which inhibit its involvement in the global economy. An Asian Development Bank report of 2009 estimated that US\$8 trillion was required to fund infrastructure projects in Asia over the period 2010–20 (ADB 2009, 3). The Bank revised this figure for Asia in 2015, with an estimate of \$26 trillion over a 15-year period, much greater than the 2009 estimate, and requiring more than U.S \$1.5 trillion (at 2015 prices) annually for 2016–30. The infrastructure gap varies across countries and sectors (ADB 2017). However, the domestic financial resources of developing Asia remain limited, and lending to it by regional and global institutions comes with strict financial, governance and regulatory conditions that many developing countries are unable to fulfil, as seen at the time of the Asian financial crisis in the late 1990s.

Japan as one of the leading global aid donors has had infrastructure development funding mechanisms in place for decades. But in the late 1990s, as Japan went into recession and began to introduce budget cuts, its aid projects slowed. Suppliers and contractors for many of the Japan-funded projects were to come from local sources or third countries under Japan's policy of generally untying aid, introduced when it became a leading ODA donor in the late 1980s (Rix 1993, 108-12). Japanese business houses were disadvantaged as they could not offer competitive prices for projects. Their competitors abroad could offer much lower prices that were attractive to recipient nations. This situation began to change in the late 2000s when the Japanese

government moved to support Japanese businesses seeking to help the sluggish domestic economy recover through new forms of exports beyond manufactured products, a sector where Japan had lost its comparative advantage to new players such as South Korea and China. Infrastructure development projects for which Japan had the experience, technology and knowhow were identified as a potential new area of exports. In the light of the ADB reports mentioned above, and with a keen interest in funding more infrastructure projects overseas, Tokyo began to formulate its financing strategy for infrastructure development projects in Asia, using ODA loans in association with Japanese business and other stakeholders in Japan's financial and government sectors.

After more than a decade of rapid political turnover at the national level that saw uneven and ineffective approaches to national economic recovery, the return of Shinzo Abe as prime minister in 2012 brought economic growth to the frontline of the national policy agenda. His so-called Abenomics heralded a three-arrow approach to national economic growth: incorporating fiscal discipline, monetary stimulus, and structural reform.

After vigorous discussion at party and cabinet levels, the Abe government issued an 'Infrastructure System Export Strategy' in May 2013 and cabinet approved the 'Japan Revitalization Strategy' in June 2013. Abe's initiative of the 'Japan Revitalization Strategy – Japan is Back' saw the launching of the third arrow of Abenomics, structural reform, to 'restore the confidence of companies and people and change expectation into action.'¹² One of the initiative's three revitalization strategies was to pursue 'global outreach and tap into expanding global markets.'

¹² https://japan.kantei.go.jp/96_abe/documents/2013/1200485_7321.html

Japan's most powerful business body, Keidanren, supported Abe's agenda with a 2015 report on the government's approach to infrastructure projects and the involvement of the public and private sectors. The Keidanren report suggested that financing bodies such as the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN), the Japan Bank for International Cooperation (JBIC), overseas investment and financing by the Japan International Cooperation Agency (JICA), and the provision of insurance services by the Nippon Export and Investment Insurance (NEXI) should be revamped. Strong support from business and their willingness to be part of this growth strategy, as the Keidanren report revealed, was a great booster for the Abe government (Keidanren 2015).

Steps were then taken to embed the philosophy and practices of the Infrastructure Export Strategy within the strategic implementation of the ODA program. Moves included improving various measures using loans, grant aid and technical cooperation.¹³ In 2014 laws were revised or established to promote seamless infrastructure development projects. The 'Japan Revitalization Strategy' as revised in 2016, and the 'Infrastructure System Export Strategy' supported the strategic use of ODA to further promote the overseas expansion of Japanese corporations (MOFA 2017b, 259).¹⁴ Here was a new path for government-business cooperation in infrastructure developmental projects; the experiments of previous administrations with neo-liberal ideas of 'market-led' 'small government' approaches in the 1990s and early 2000s had failed to improve Japan's stagnant economy.

The Abe government set out to implement this new strategy. However, as noted earlier, by this time Japan was not the only Asian aid and infrastructure player with considerable funding to offer in the Asian marketplace. South Korea had joined DAC in 2010 and China had established

¹³ <https://www.kantei.go.jp/jp/singi/keizaisaisei/pdf/honbunEN.pdf>

¹⁴ <https://www.mofa.go.jp/files/000287687.pdf>

itself as a major player in the foreign aid market in Asia and elsewhere, with financial resources on a much larger scale than Japan to fund projects overseas (Shimomura and Ohashi 2013). The challenge for Japan was to maintain its aid influence – to keep its Asian partners on side and not allow them to be won over by China’s aid offensive. Japan’s response was to distinguish its aid from that of other donors by emphasizing the ‘quality’ of its ODA.

Quantity–quality is a familiar trope in Japan’s aid discourse. When Japan became the number one aid donor in the late 1980s and early 1990s, many critics pointed out that its aid was largely ‘quantity’ and not ‘quality’ (Rix 1993, 103-6), defined in terms of the percentage of tied/untied aid and loans versus grants (Hook and Zhang 1998, 1054). In the 2015 context however, policy planners had picked up on *quality now* as a defining feature.

Why the emphasis on ODA ‘quality’ and what does it mean? Given that the strategic stakes in guiding development of the region’s infrastructure and connectivity are potentially huge, bid-winning project labels, these can be seen as strategically priceless for competing countries. Ready acceptance of an agreed quality label can lead to success in this situation.

China began to spread its wings in the foreign aid space quite extensively in the 2000s, suppling aid to almost as many countries and continents as Japan and in some places such as Africa carving out an aid presence much larger than Japan’s.¹⁵ China began to project itself as a formidable international power, including using aid for this purpose, particularly with the coming of Xi Jinping as President in 2012.¹⁶ With the establishment of AIIB and the announcement of the BRI project (initially OBOR), state-controlled financial institutions such as

¹⁵ <https://www.forbes.com/sites/ralphjennings/2018/03/25/japan-slowly-challenges-chinas-dominance-as-an-investor-in-africa/#7b278c683435>

¹⁶ For a detailed study of China’s foreign aid, especially how much China spends on aid, see Kitano (2018).

the China Development Bank, the Bank of China, and the Industrial and Commercial Bank of China (ICBC), pledged trillions of dollars in infrastructure projects. This is part of China's grand strategic design to extend its financial and political influence across several continents. While countries like India, Japan and the United States have yet to endorse and join in these frameworks, many others, including US allies such as Australia and the UK have either become members or have endorsed China-initiated plans, even while remaining distrustful of Beijing's strategic designs. Here was – and is – a formidable challenge to Japan's influence in the region.

The announcements of Beijing's plans coincided with Abe's 2012 return to power. Abe had made it abundantly clear that he would not sit back and be a decision taker; this time as prime minister he would be a decision-maker (Abe 2012). The economic and politico-strategic state of the region meant that involving Japanese companies in reaching out globally through new modes of engagement was not just a political economy project (as it was when Abe's Liberal Democratic Party was not in power). The specter of China's military assertiveness and ambitious geo-economic designs meant that Abenomics was launched to serve Japan's national interests not simply as a source of domestic economic revitalization, but also as a strategic and geo-political project. Thus, the characterization of Japan's ODA as 'quality' infrastructure is a direct response to economic and strategic competition from China.

Global agencies and institutions have promoted the idea of quality infrastructure projects for some time. For example, APEC promoted 'quality infrastructure' with a set of guidelines on the 'Quality of Infrastructure Development and Investment' in 2014. In these guidelines 'Quality infrastructure' meant that projects should consider the importance of lifecycle cost (including performance and durability), environment, safety, and maintainability at the outset of procuring

infrastructure.¹⁷ The UN Sustainable Development Goals (2015–2030) also list ‘sustainable infrastructure projects’ as one of its several objectives. It is thus probable that Japan is at the forefront of promoting the quality infrastructure idea internationally, as can be observed in remarks by Angel Gurría, Secretary General of the OECD, who also endorses and supports quality infrastructure.¹⁸ Scholars and analysts have presented definitions and background on the idea of quality infrastructure in this light (Hirota 2017).

Prime Minister Abe has been Japan’s most ardent and consistent advocate of ‘quality infrastructure.’ In May 2015 his announcements effectively introduced into the official discourse ‘quality’ and ‘partnership,’ which the Ministry of Foreign Affairs later put forward as ‘Partnership for Quality Infrastructure’ (PQI). This plan would have Japan, in collaboration with the ADB, invest \$110 billion in infrastructure investment in Asia over five years from 2016 (MOFA 2017, 311). PQI was embedded in Abenomics to promote quality exports with government support, to reinvigorate Japan’s economy and as a response to China’s trillion-dollar BRI initiatives. Japan’s partnership with the ADB aims to promote ‘quality infrastructure investment’ in Asia through Japan’s ODA and private Japanese investment, and by partnering with other countries and international funding agencies.

At the G7 summit in Ise-Shima, Japan in May 2016, Prime Minister Abe announced the ‘Expanded Partnership in Quality Infrastructure’ (EPQI) project, with public–private partnership financing of approximately \$220bn for infrastructure development globally between 2016 and 2021. G7 members endorsed this plan,¹⁹ a follow up on Abe’s initial PQI initiative at the 21st International Conference on the Future of Asia held in Tokyo in 2015.²⁰ The generous terms of

¹⁷ http://www.meti.go.jp/policy/trade_policy/apec/downloadfiles/150320_qualityinfra_eng.pdf

¹⁸ <http://www.oecd.org/governance/promoting-quality-infrastructure-japan-april-2018.htm>

¹⁹ <https://obamawhitehouse.archives.gov/the-press-office/2016/05/27/g7-ise-shima-leaders-declaration>

²⁰ https://japan.kantei.go.jp/97_abe/statement/201505/0521foaspeech.html

loans offered by China without sovereign guarantees had propelled Abe to announce that Japan would enhance its loan assistance systems and strengthen government institutions such as JICA for fast tracking project proposals and considering flexible terms for loans. MOFA notes that quality infrastructure investment is not just about the cost of investment but will also take into account such factors as sustainability, safety and resilience, local job creation, and human resource development in the recipient country (MOFA 2017b, 311).

Public–private partnership for project finance is promoted to alleviate the possibly high risk for private investors in developing countries. Japan uses a wide range of public finance platforms including JICA, JBIC, NEXI, JOIN and JICT to mobilize the private sector in pursuit of such infrastructure projects, as recommended in the 2015 Keidanren report noted above.

Japan proudly lists some of its previous projects as symbols of ‘quality’ infrastructure development. For example, the Ministry of Foreign Affairs officially cites the Nhat Tran Bridge in Vietnam, opened in 2015 (MOFA 2017a, 12). Other examples of such ‘quality’ infrastructure development include connectivity projects in the Mekong River Region, which comprises Thailand, Vietnam, Cambodia, Laos, and Myanmar. Japan announced a New Tokyo Strategy for Mekong–Japan Cooperation at the Mekong–Japan Summit Meeting in July 2015 and allocated 750 billion yen in ODA over the following three years, until the next meeting in Japan. Japan’s aim was to realize ‘Quality Growth’ characterized by inclusiveness, sustainability, and resilience in this region. At the subsequent October 2018 Japan–Mekong summit, Abe again pledged improvement in ‘connectivity’ and ‘quality infrastructure’ projects in the Mekong region. Engaging Mekong Region countries in Southeast Asia is clearly a significant part of Tokyo’s strategy to balance China’s growing presence in the region.

Under a new blueprint proposed at the Tokyo Strategy 2018 for Mekong–Japan Cooperation from 2019 to 2021, Japan pledged to support the Mekong countries with at least 150 projects. Some commentators have noted that as with its other initiatives, Tokyo now ‘appears to be trying to expand its economic foothold in the region to counter China’s growing influence’ (Yoshida 2018).²¹ Japan has been a leading economic player in Southeast Asia, including in the Mekong region, for a long time. The difference now is that Tokyo views the area and its regions mainly through a strategic lens that recognizes such economic moves as also being intrinsic to national security. Tokyo’s eager support for infrastructure development in the Mekong region as part of the Free and Open Indo-Pacific concept illustrates this well.

Quality Infrastructure and a Free and Open Indo-Pacific

In the light of his 2007 ‘Confluence of the two seas’ speech to the Indian parliament, Abe has actively advanced the concept of Indo-Pacific since returning to the position of national leader in 2012. It is a departure from Japan’s earlier conceptual thinking about the Asia-Pacific, even though Japan has not discarded its Asia-Pacific identity and associated institutions. Nevertheless, the term ‘Indo-Pacific’ has been embedded in recent official statements and documents such as diplomatic bluebooks and defence white papers. The Indo-Pacific concept acknowledges power shifts that are producing a new geo-strategic reality. Where US primacy is receding, China’s is becoming central, India is gaining strength on the global scene, and Africa is developing incipient importance particularly as source of influence (Pandey 2018).

At the 2016 Tokyo International Conference on African Development (TICAD) VI Ministerial Meeting in Kenya, Abe talked about ‘the union of two free and open oceans and two continents.’

²¹ <https://www.japantimes.co.jp/news/2018/10/09/national/politics-diplomacy/mekong-japan-summit-to-kyo-eyes-economic-aid-pushback-chinese-influence/#.W71MfGwUmqI>

This was later developed as Japan's Free and Open Indo-Pacific (FOIP) strategy (MOFA 2017a, 15; MOFA ICB 2017c). Assuming significant power for Japan, at least verbally, Abe claimed, 'Japan bears the responsibility of fostering the confluence of the Pacific and Indian Oceans and of Asia and Africa into a place that values freedom, the rule of law, and the market economy, free from force or coercion, and making it prosperous.'²² This is Tokyo's new strategy to strengthen the rules-based international order to promote economic prosperity. The strategy rests on three pillars: 1) promoting the rule of law in the region; 2) promoting economic prosperity through quality infrastructure development and enhanced economic partnerships; and 3) developing individual or collective capacity to address security issues in areas such as maritime law enforcement and disaster prevention.

Our discussion here is concerned with the second point, 'quality infrastructure development.' Infrastructure and connectivity projects are also part of Abe's FOIP strategy and that emphasizes their role in creating stability and prosperity. Connectivity projects in Asia, and between Asia and Africa have therefore been on Japan's agenda for some time. Examples include the Chabahar port development in Iran, the northern economic corridor development in East Africa, the Tanzania Digital Grid project, the Myanmar Thilawa Special Economic Zone, the Manila north-south commuter rail project, and many others. The Mombasa port development project in Kenya is touted as the gateway to and from East African states such as Uganda and Rwanda.²³ Japan's Mekong engagement is also now linked to FOIP. At the 2018 Mekong summit in Tokyo, all leaders of the Mekong region threw their support behind the FOIP concept that Abe articulated.

²² https://www.mofa.go.jp/af/af2/page4e_000496.html

²³ Many of these projects are included in a presentation given by a special advisor to the Prime Minister of Japan, Mr Sonoura, at a UN General Assembly High-level side event (2017).

Also as part of his strategy to strengthen cooperation in the Indo-Pacific region, at the June 2018 Future of Asia meeting, Abe announced plans to establish a \$50 billion fund over three years to boost infrastructure investment in Asia. He claimed, ‘We hope this will serve to assist in the building of high-quality infrastructure in the Indo-Pacific region,’²⁴ defining ‘high-quality infrastructure’ as investments that increase employment, expand educational opportunities for workers, and attract even more foreign domestic investment—and as a result make Japan’s loans easy to pay back.²⁵

Japan’s ODA to India and Quality Infrastructure Projects

With the understanding of the concepts of quality growth, quality infrastructure projects and quality infrastructure partnership in Japan’s contemporary ODA narrative as articulated above, the paper now turns to the case of Japan’s quality infrastructure aid projects in India and focuses on the high-speed train project now under way there. As we have seen, Japan’s interest in and provision of aid to India is long standing, making aid a long-lasting and strong connector in the bilateral relationship. India became the first recipient of Japan’s yen loans when Tokyo began the program in 1958. Although there have been some ups and downs in the aid relationship, the only break – and then for a brief period – was to express Japan’s deep concern at India’s nuclear testing in 1998 (Jain 2017).

The ‘quality infrastructure’ narrative was introduced into Japan’s ODA discourse only in recent years. Even so, Tokyo has listed as examples of quality infrastructure the Delhi Metro project and some other projects in India that have been in progress since the late 1990s. Japan’s ODA

²⁴ One of my interviewees at the JICA Tokyo office recalled that at the time of Abe’s ‘quality infrastructure development’ announcement at the Future of Asia International Conference, very few in Japan understood what the concept was to mean and how it would be executed.

²⁵ <https://financialtribune.com/articles/world-economy/87974/abe-pledges-50b-for-infrastructure-in-indo-pacific-region>

projects in India focus on the transport sector, such as mass transit,²⁶ so it may not be a surprise that Japan has provided more than \$3bn for electric track systems and double stack container wagons, and automated signaling and telecommunication systems to support the huge Delhi–Mumbai Industrial Corridor project. The Chennai-Bengaluru Industrial corridor covering the three states of Karnataka, Andhra and Tamil Nadu is another example of Japan’s funding of infrastructure projects in India through its ODA. These earlier loans are no doubt Japanese ‘quality’ projects in terms of funding, technology, human resource development, safety, and timeliness, and even in transforming work culture (Sakamoto 2016), but they may not be strategically and politically inclined in the way that Tokyo now pursues through its ODA program and other strategic initiatives.

Japan’s aid projects today are shaped by and embedded in its geo-political outlook, in pursuit of ‘pro-active contribution to peace’ and in support of the FOIP. Japan aims to create networks around the two oceans with like-minded nations that support Tokyo’s FOIP vision. Japan’s reach into Africa, the South Pacific, ‘broader’ Asia and elsewhere is part of this strategy. In this scenario Japan views India’s emergence as a crucial player capable of balancing China’s rising and expanding influence in support of Japan’s broad strategic vision. Japan’s ODA for the first bullet train in India was shaped profoundly by this strategic thinking.²⁷ The project is above all politico-strategic, although undoubtedly concern for economic development and social and political consequences is also present.

²⁶ Japan’s emphasis in India is on transport, over 60 percent of its ODA loans are in this sector. Much of this transport funding is in metro train projects for mass transit, thus reducing reliance on private transport.

²⁷ There are other politico-strategic projects supported by Japan in India, such as those related to India’s northeast, an undeveloped part of India, which can serve as important links to some of India’s neighbours such as Myanmar and Bangladesh.
<https://economictimes.indiatimes.com/news/economy/infrastructure/japan-teams-up-with-india-for-north-east-to-extend-rs-2239-crore-loans/articleshow/60703906.cms>

The Bullet Train

Japan's eagerness to use its ODA program to support funding for India's first HSR based on the bullet train technology was tied to its domestic and foreign policy objectives to export quality infrastructure and pursue large-scale projects in emerging Asian markets as part of Abenomics. It was also a vehicle that would enable pursuit of other geo-political goals so important for Japan as an international actor at this time of major power shifts regionally and globally. India is willing to cooperate with Japan in pursuing these objectives, as it is a special strategic and global partner of Japan and for some time has been the largest recipient of Japan's aid. Here India could achieve its dream to build its first high-speed train, financing of which had previously remained elusive, with support through Japan's generous ODA package.

Japan's Failures: Some of the Japanese government's earlier attempts to export new types of projects have suffered serious setbacks by losing out on much hoped-for contracts in the Indo-Pacific to its competitors.²⁸ But most painful for Japan was the bid to build an HSR in Indonesia, running from the capital Jakarta to Bandung, that it lost out on to China. Planning for this project had started in 2009, and Japan had offered funding through its generous long-term low-interest ODA program for 75 percent of the cost, running to \$5bn.

Japan lost despite its reputation not only as a world-class train maker, its first-class technology and its accident-free history, as well as its extensive links with Indonesia. Tokyo initially seemed confident it would secure the HSR project, but with the coming of Indonesia's new president in 2014 the circumstances began to shift. Joko Widodo visited both Japan and China the following year and while in China in April 2015 signed an official memorandum with Chinese President Xi

²⁸ Other major contracts were for a suspension bridge in Turkey that went to South Korea and a multi-billion submarine project in Australia that France secured. Japan's bid to export nuclear power technology also has had no successes so far.

Jinping. In this memorandum, Beijing expressed strong interest in the Jakarta–Bandung HSR, as China had already entered the competitive bidding process for the project. China offered to cover the entire cost of the project (although with a higher interest rate) and to complete the project much sooner than Japan had proposed, with no requirements for sovereign guarantee.²⁹

China's offer was highly attractive to Indonesia, a fact that became clear in September 2015 when Jakarta announced its choice of China rather than Japan to build the railway. Japan was clearly disappointed at its loss, with Chief Cabinet Secretary Yoshihide Suga calling the decision 'extremely regrettable' and 'difficult to understand.' But the Japanese response also reached beyond disappointment, viewing China's winning of the bid as 'a harbinger of further humiliating and costly defeats in competition for Asian infrastructure projects'.³⁰ Indonesia's decision was also a huge shock to Japan because Southeast Asia had long been Japan's central investment, trade, and aid destination (Pavlicevic and Kratz 2017). Other signs from this subregion also signaled poor results for Japan, as China also succeeded in securing high speed train projects in Laos and Thailand as part of the BRI connectivity projects.³¹

Japan had made exporting HSR a part of its new diplomacy in Asia since it was confident it could secure projects given its extensive experience of running high-speed trains in Japan since 1964. Japan, with Europe, had provided China with the technical knowhow for HSR, but today China is the world's HSR leader. The China HSR network of about 25,000km is more than the rest of the world's HSRs combined. China's new-generation Fuxing (Rejuvenation) train commissioned in 2017 runs at a speed of 350 kph, the world's fastest train that runs on track, and

²⁹ For detailed coverage, see

<https://www.forbes.com/sites/stephenharner/2015/10/01/japans-rail-project-loss-to-china-why-it-matters-for-abes-economic-diplomacy-and-for-chinas/#3c803a0f2fae>.

³⁰ <https://www.forbes.com/sites/stephenharner/2015/10/01/japans-rail-project-loss-to-china-why-it-matters-for-abes-economic-diplomacy-and-for-chinas/#7c48c5852fae>

³¹ <http://investvine.com/thailand-laos-china-enter-talks-high-speed-railway/>

it covers the 1,300-kilometer distance between Beijing and Shanghai in about 4½ hours (Takekoshi 2018). Nevertheless, ‘quality’ is a key selling point of Japan’s HSR, comprising proven safety record, inclusion of human resource development, provision of responsible financing, and so forth. These aspects of Japan’s HSR bids thus contrast with those of China, whose project financing model has raised concerns and attracted the critical label of ‘debt-trap diplomacy,’ with push back from a number of countries including Sri Lanka and Malaysia.³²

Success in India: Such humiliating results for Japan’s proposed infrastructure projects in Southeast Asia were in the foreground when its bid for India’s first HSR was prepared. Even so, Japan held a glimmer of hope for a positive outcome through the closer, deeper, and wide-ranging networks it has developed with India over recent years, as outlined above.

India has a vast rail network with more than 12,000 trains carrying roughly 23 million passengers daily.³³ But the technology is old and the top speed of even the few fastest trains in India is roughly 150kmh – then only on specific routes and in limited zones. Even the most recent addition of a fast train, touted to be the fastest in India - Train 18 or the Vande Bharat Express from Delhi (the capital city) to Varanasi (PM Modi’s electoral constituency) will only have a top speed of 130Km. The country’s safety record is particularly poor, trains run behind schedule routinely and innovation and modernization have been minimal. India’s economic growth from the beginning of the century has however inspired a burgeoning middle-class population to demand better, faster, and more comfortable transportation, as also seen in the rapid growth in the number of airlines. Moreover, India’s railway service is way behind that of many of its Asian neighbors, and it has no HSR. While India is often compared with China in

³² https://www.washingtonpost.com/news/global-opinions/wp/2018/08/27/chinas-debt-traps-around-the-world-are-a-trademark-of-its-imperialist-ambitions/?noredirect=on&utm_term=.6c0963e6a796

³³ <https://www.ibef.org/industry/indian-railways.aspx>

terms of potential for economic growth, market capacity, and as a major power, it does not have an HSR system, whereas China has the largest HSR network and fastest trains in the world.

Recognizing the importance of advanced railways in other parts of Asia, especially China, the Ministry of Railways in India first proposed an HSR system in 2007–2008. The idea gained currency with the Ministry's 2009 *Vision 2020*, which recommended four HSR projects in the north, south, east, and west regions. Many more routes including a 'Diamond Quadrilateral' connecting India's four metropolitan cities: Delhi, Mumbai, Kolkata, and Chennai have subsequently been suggested. Progress on any of these proposals has been slow for a number of reasons, finance being the key factor. In this context, both China and Japan have begun to express interest in India's HSR projects.³⁴

The first route chosen for an HSR was from Mumbai to Ahmedabad, connecting India's financial capital with one of its major trading centres.³⁵ JICA and India's Ministry of Railways undertook a joint feasibility study in 2013–2015. When PM Abe visited New Delhi in January 2014, the prime ministers' joint statement 'welcomed the commencement of that joint feasibility study and the issuance of the inception report on a High Speed Railway system on the Mumbai–Ahmedabad route.'³⁶ The feasibility study was begun and the decision to build the first HSR in India on the Mumbai–Ahmedabad route was made under the government of Manmohan Singh (2004–14), when Modi's party was in opposition. But the coming of Narendra Modi as India's prime minister in 2014 brought new momentum to the HSR project as Modi had included building high speed trains in India among his election promises.³⁷ Ahmedabad is Modi's

³⁴ Meanwhile, an India-China consortium, and France and Spain are also involved in various feasibility studies for HSR on different routes in India.

³⁵ Many of the factual details outlined here were provided by the JICA Delhi office and its headquarters in Tokyo.

³⁶ https://japan.kantei.go.jp/96_abe/diplomatic/201401/25india_e.html

³⁷ <https://www.bbc.com/news/world-asia-india-41251210>

hometown, giving him a special interest in this project. Prime Minister Abe, who was pushing for infrastructure exports, and Prime Minister Modi, who promised to build an HSR system in India, thus constituted a perfect alignment of interests.

At the December 2015 annual summit meeting, Modi and Abe welcomed a memorandum of understanding and confirmed that the HSR in India would use Japan's Shinkansen bullet train system.³⁸ The joint statement from the 2016 summit devoted a long section to 'partnership for prosperity,' covering a range of cooperation areas related to the HSR that dovetailed with Modi's 'Make in India' and 'Skill India' initiatives. The statement, also announced some scheduling, including a ground-breaking ceremony in 2017, commencement of construction by the end of 2018, and operations beginning in 2023. The subsequent 2017 joint statement highlighted the 'quality infrastructure narrative emphasizing 'safety, resilience, social and environment impacts, and job creation as well as capacity building for the local communities,' as well as commencement of the project and 'satisfaction at 'the steady progress.'³⁹

This discussion clarifies that the Indian government offered the HSR contract to Japan without any competitive process, making it essentially a political and strategic project. The move was backgrounded by their growing strategic and defence linkages and the convergence in their geo-political thinking. If economics were the key factor, India would have gone for a competitive process, as is always the case with such large-scale projects. European suppliers would have been attractive too because of their advanced technology and long experience in running high-speed trains. However, the costs and benefits of this project reached beyond economics into geostrategic politics. The Japanese bid not only supported the infrastructure exports proposed in Abenomics but would also be the first giant infrastructure project for Japan

³⁸ https://www.mea.gov.in/bilateral-documents.htm?dtl/26176/_

³⁹ <https://www.mea.gov.in/bilateral-documents.htm?dtl/28946/IndiaJapan>

after deep disappointment and shock at its recent project-bid failures, especially in Indonesia. For India, Japan's overly generous loan terms and willingness to support Modi's 'Make in India' and 'Skill India' through training and technology transfer were highly attractive and suited Modi's political agenda.

Japan agreed to introduce its advanced technology in the project through human resource development, maintenance, management of the HSR, and technology transfer (MOFA 2017, 211). The shared aim is to promote the flow of people and goods in India, revitalize the Indian economy, and transfer Japan's safe and high-performance technology, 'which makes this project a good example of quality infrastructure development' (MOFA 2017, 211). Tokyo hopes this project may serve as a model to help Japan secure similar outcomes in other countries seeking to undertake quality infrastructure projects.

Japan's HSR project in India is thus, so far, a win-win project. September 14, 2017, the day the two prime ministers laid the foundation stone for the project, will go down in the history of Indian railways as a 'great leap forward.' How this project progresses will therefore have huge consequences for both India and Japan, especially for the two current prime ministers who have made it their personal and political project and put all available resources behind it. It is also consequential for Japan's future ODA projects for infrastructure development, in India, elsewhere in Asia, and beyond.

The HSR project has generally been welcomed in India, but voices of disapproval have also erupted, occasionally with some concerns from the Japanese side too. Supporters include most officials, political leaders, and business people in both countries. JICA is generally enthusiastic about the HSR following the successful Delhi Metro example, although some of the interviewees in this study cautioned that completion of the project depends on timely land

acquisition, securing construction materials, smooth coordination with relevant stakeholders and the timely mobilization of resources.⁴⁰ On the other hand, the JICA chief representative in India, Mr Takema Sakamoto, referred often in interviews to the book *America in Ruins: The Decaying Infrastructure*, to reassure onlookers about Japan's quality infrastructure history and the fact that its current exports to India are characterized by resilience; sensitivity to investment impact, environmental impact and social impact; life cycle costing, disaster safety, timely completion, and so forth.

Nevertheless, a most serious concern for policy makers in Tokyo is the Indian government's expectation that the project will be completed by August 2022 to coincide with the 75th anniversary of India's independence, one year ahead of its scheduled completion in December 2023. Some are even raising the possibility of a partial opening of the rail project in 2022 to fulfil Modi's ambitious target.⁴¹ Others in India regard the project as 'an inflection point.' For example, 'As Maruti [in collaboration with Japan's Suzuki] generated for India's automobile industry, it [HSR] could build a structure essential for the transformation of India's lifeline' (Dayal 2017). On the other hand, even the former chief of Delhi Metro, E. Sreedharan observed that HSRs cater only to the elite since they are very expensive to operate and therefore beyond the reach of ordinary people.⁴² Others have described the project as 'a story of white elephant and public debt.'⁴³ These concerns may be genuine, but India is a land of contrast and co-existence, with modernity and tradition, old and new, fast and slow.

⁴⁰ Interviews conducted at JICA Tokyo in January 2018.

⁴¹ <https://asia.nikkei.com/Business/Business-Trends/India-considers-partial-opening-of-first-high-speed-rail-project>

⁴² https://www.hindustantimes.com/india-news/bullet-trains-are-for-elites-india-needs-a-safe-rail-system-says-e-sreedharan/story-NKouCz8nKksaX6WvgN9B3J.html_

⁴³ http://www.cadm.org/spip.php?page=imprimer&id_article=15517

India's present circumstances, including its rising economic and strategic stature, therefore suggest there should be multiple benefits from the HSR for the Indian nation and people, for the present and the future, especially given the nature of India's constructive relationship with its project partner, Japan. However, serious concerns relate to land acquisition for the railway and the opposition to this. Farmers have moved their opposition to the Indian High Court, claiming that the government has violated land acquisition guidelines. Reports in September 2018 even suggested that JICA had stopped releasing new funds for the project pending a court decision, but India's National High-Speed Rail Corporation quickly denied this suggestion.⁴⁴ The Corporation's comment was supported by the signing of an Exchange of Notes for yen loans for on the Mumbai-Ahmedabad High Speed Rail project during the Abe-Modi summit in 2018.⁴⁵

Conclusions

The discussion in this paper of Japan's ODA-funded and recently begun bullet train project in India provides new insights into Japan's current aid thinking, especially through the 'quality infrastructure' lens of its aid narrative. This narrative is as much about Japan's political economy and Abenomics as it is about Japan's strategic thinking expressed in 'proactive contribution to peace,' its 'national security strategy,' and its support for a 'Free and Open Indo-Pacific.' Perhaps that is inevitable, since today Japan's quest for involvement in establishing infrastructure and connectivity within Asia and beyond has profound consequences that are both economic and strategic. To some extent they are strategic *because* they are economic; Japan's

⁴⁴ <https://www.indiatimes.com/news/india/japan-stops-funding-for-pm-modi-s-ambitious-bullet-train-project-after-farmers-complaint-353666.html>

⁴⁵ https://www.mea.gov.in/bilateral-documents.htm?dtl/30543/IndiaJapan_Vision_Statement; there are two types of ODA loans concerning the Mumbai-Ahmedabad HSR: 1) construction of a training institute agreement; 2) construction of the HSR itself. For the first, the loan agreement was signed in September 2017 (https://www.jica.go.jp/india/english/office/topics/press170915_01.html), while for the second, two agreements were signed in September 2018, https://www.jica.go.jp/india/english/office/topics/press180928_01.html and October 2018 https://www.jica.go.jp/india/english/office/topics/press181030_04.html

stature regionally and globally is linked inextricably to its national economic strength. The challenge Japan perceives in the swift rise of China as geo-political and economic power, regionally and globally, is central to this thinking. Engaging in 'quality' infrastructure export, such as the HSR project in India, facilitates for Japan an approach to dealing with domestic political and economic concerns as well as external challenges, in one potentially masterful move. Its symbolic and precedent-setting value is a useful potential spinoff.

Today, Japan finds in India an ideal match for its economic–strategic needs. Tokyo fast tracked the offer of an unprecedentedly huge aid allocation for a single project to construct India's first HSR, after losing out to China on an HSR project in Indonesia. Luck was in for Prime Minister Abe on its timing. In India Narendra Modi's party won the general election and formed a government in 2014, and the rapport developed between Abe and Modi is unprecedented for the Prime Ministers of these two Asian nations. The project that began to take shape during Singh's administration would have progressed too, though perhaps more slowly and cautiously, but under Modi the process was turbocharged, as it fitted neatly into his political and economic agenda. A memorandum was signed, loans approved, and work commenced at a speed that is rare in international government-to-government projects.

The HSR bullet train project in India is an important test case for Japan's new strategy of quality infrastructure export and its success or otherwise will be watched closely in both countries and elsewhere. Never ever has Tokyo funded a single large project like this one through its overly generous yen loan program, administered through JICA. Here India may serve as an entry point for Japan to demonstrate, especially to developing nations in Asia but so too in Africa, its capacity to possibly provide them with 'quality infrastructure' through its ODA program, just as Japan did with its first yen loans to India in 1958 (Jain 2017). The move gives Japanese companies opportunities to expand their business operations overseas and gives the Japanese

government opportunities to expand its diplomatic networks, in this instance in India in support of its Free and Open Indo-Pacific agenda. Vivally, 'quality infrastructure' development like this HSR project in India presents opportunities for the providing nation to help guide development of the region's infrastructure and connectivity. For Japan such leverage is a particularly valuable source of competitive edge over China, its most pressing rival. For India, the HSR is a landmark project in its 21st century aspirations to move on to the next level of economic development. The project's success or otherwise will reflect not only on the current prime minister, but also on the nation as a whole.

Japan and India are essentially on the same page regarding the politico-economic dimensions of the project and understanding of its politico-strategic dimensions. There seems to be some variation in the two nations' objectives in undertaking this project, but national self-interest is to be expected and mutually recognized. Furthermore, India may not consistently support Japan's regional strategic views, especially on China, since India refracts through its own diplomatic and strategic lens. India has reason to try to play a diplomatically skilful game with both Japan and China to affirm its 'strategic autonomy' and 'multi-alignment,' rather than participate directly in the intensely strategic relationship between Japan and China.

Overall, the HSR project in India signifies a new height in Japan-India relations, a relationship that began on a positive trajectory only in the first decade of this century. If, how, and how much Japan's "quality" infrastructure projects can prevail over China's massive schemes for trade-promoting infrastructure within and beyond the region remains to be seen. But on a bilateral basis, successful completion of this project is likely to lead to many other collaborative initiatives between Japan and India in wide-ranging fields.

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Abstract (in Japanese)

要約

本論文は、一国向けとしては最大規模の円借款案件であるインド高速鉄道案件を支援する日本の動機について分析するものである。本論文では、「質の高いインフラ」に重点を置く、ODA に関する日本政府の新しい思考の戦略的基盤を検討し、インド高速鉄道事業はその性格、規模および立地から見て、今日の日本の戦略的援助の際立った実例であると主張する。「総合安全保障」との関連では、インド高速鉄道事業は日本の経済的利益のみならず安全保障上の利益をも考慮したものとなっている。将来の巨大市場としてのインドの経済的潜在性は日本にとって大きな魅力であるが、日本のインドへの関心を高めさせたのは、何よりも、地域的およびグローバルなパワーシフトの文脈におけるインドの戦略的重要性である。インド高速鉄道事業の多様な戦略的側面は、日本の主要な経済的及び戦略的な競合相手である中国の動向の強い影響を受けている。こうした状況は、南アジア地域のインフラ開発を主導することの戦略的重要性を高めている。このため、日本の「質の高いインフラ」支援としてのインド高速鉄道事業は、今日の日印関係のみならず、日本政府の戦略的な援助思想に関する新しい洞察を提供するものとなっている。

キーワード: 日本、ODA、日印関係、質の高いインフラ、高速鉄道、援助を巡る政治 (Aid Politics) 、戦略的援助