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## When a friend lends a helping hand

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**Getting to know you:** Understanding and respecting the decision making process in a Japanese corporation and more importantly the culture and protocol of a highly evolved society is the key to a successful engagement with Japan and its people. - PHOTO: REUTERS

INDIA'S march into the 21st century has had its share of ups and downs - but as an eternal optimist, I can always see the light. There is a friend, in our not too distant neighbourhood, that has also experienced many ups and downs over the last decade and more. The difference is that they have reached their zenith and we are far from it.

This friend is none other than Japan. India exported Buddhism to Japan sometime during the 6th century, and the Indo-Japan history commenced. Religious and cultural ties led to a closer economic partnership. India exported cotton and iron ore to Japan, and Japan became India's largest aid donor and continues to be so. Language and distance may have slowed things down, but our historical and cultural links proved too strong to hold us back. A recent resurgence in our economic relationship has given us both a new hope. India is currently a hotbed of Japanese investment activity.

Singapore has played an important role in this growing friendship. I have been watching the growing economic tango between India and Japan from close quarters in Singapore. It is the perfect meeting point for the two countries, and a potent menage a trois. Based in my firm's office in Singapore and travelling frequently to Japan has provided me with the ability to play the role of an enabler in this great friendship - much like the role that Singapore plays for so many nations doing business in the region.

My close interaction with the Japanese community in Singapore has also increased my understanding of how differently the two countries and their peoples do business. Understanding and respecting the decision making process in a Japanese corporation and more importantly the culture and protocol of a highly evolved society is, in my view, the key to a successful engagement with Japan and its people.

At the very beginning of my engagement with Japan, I was told to have a lot of patience and that things will proceed slowly. Unlike our typical trait of going all guns blazing, I learnt to appreciate the finer points of Japanese culture and business.

It is this very understanding between our peoples and the enabling role that Singapore plays that has, among other things, led to an upsurge in trade between our countries.

A growing India offers a very attractive alternative to Japan, which has invested heavily in countries such as China and Thailand. The Japanese already have a large presence in Singapore. Many Japanese companies have started to use Singapore as a decision-making jurisdiction for their investments in the region.

Senior Japanese managers have moved to Singapore. Japan rightfully sees a huge market in India, and has begun to catch up with and out-run many other foreign investors. India's manufacturing capabilities are improving, and various sectors such as cars, electrical equipment, auto components, pharmaceuticals, energy and infrastructure (the Delhi-Mumbai industrial corridor) are hungry for Japanese investment and technology.

### **A history of treaties**

India and Japan signed their first treaty in 1952, The Treaty of Peace. This was followed by a few more treaties and the Comprehensive Economic Partnership Agreement

(CEPA) in 2011. Japan is listed by the Indian government's Department for Industry Policy and Promotion as the third largest direct foreign direct investment (FDI) provider in India from April 2012 to February 2013. This does not include indirect investments made through Singapore, which would only increase that figure.

The Japanese are also generally more long-term and strategic investors. This is a critical mindset to have if one desires to be successful in India. Singapore can play a vital role as a hub for Japanese investments into India.

The city state's excellent business environment, infrastructure, its friendly relations with both India and Japan, the availability of a robust Comprehensive Economic Cooperation Agreement with India and access to sound professional advice on the ground are all factors that will continue to give Singapore the edge over others.

The Japanese government under the leadership of Prime Minister Shinzo Abe has unleashed the "Abenomics" economic strategy - and it has already led to higher growth rates in Japan, a weaker yen (making exports more attractive) and resurgence in the Nikkei. This has provided Japanese investors with more confidence to go and do the deal.

The investment requirements of India are so huge that all optimistic investors will see India as a glass half full. Indian information technology (IT) companies have also invested in Japan, and many see the trend of more Indian investments in Japan in the areas of IT and pharmaceuticals.

Singapore once again plays a vital role as a global hub for Indian companies investing in Japan and South-east Asia. Incentives to set up regional headquarters in Singapore could provide Indian companies with an added incentive to use Singapore as an investment hub for Japan and of course vice-a-versa.

Recent high-level visits between India and Japan, and the current four-day visit to Tokyo by Indian Prime Minister Manmohan Singh will only lead to the strengthening of ties. A potential trilateral summit will be of immense value, and I hope that the three realise this and grab the opportunity.

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