

Two-way Trade Revives to Reach \$ 5 billion

Japanese rediscover the joy of investing in India



Akihiro Nagamori

India and Japan have enjoyed vibrant trading relations in the past. After a period of stagnation (in fact, trade fell to \$3.7 billion in 2002-03 from \$4.04 in 1997-1998) it revived with the reversal of the trend. The two-way trade grew by 18 percent in 2003/04 and 14 percent in 2004/05 to reach nearly \$ 5.0 billion. Overall, Japan has also emerged as the fourth-largest FDI contributor to India for the period from 1991 to 2004. Akhiro Nagamori, Director General, Japan External Trade Organization (JETRO) knows the reasons for the spurt in two-way trade. It is due to the buoyant Indian economy and the booming financial markets, Nagamori says, as he talks about the keen interest the Japanese companies are taking in the Indian markets these days.

Could you trace the history of bilateral trade relations between India and Japan?

Prior to the second World War, it is my understanding that there were 3,000 Japanese living in India, mainly Bombay (Mumbai). At the time, India was the main center for cotton and textiles. Since then, in 2003-04, with the establishment of the concept of 'BRICS' (Brazil, Russia India and China economies), India attracted the attention of Japanese companies. In 2005, Japanese newspapers and magazines served well in reporting and covering special features on India and its booming economy, and the Indian stock boom (mutual funds) that took place in Japan. As a result of which, there was an increase in the number of Japanese businessmen visiting India and some even opened their offices here. Till recently, most of the Japanese companies did not have much idea about India and the functioning of the economy, but now they find Indian

markets interesting and are studying them carefully. Presently, there are approximately 300 Japanese companies that are either setting up factories or offices in India. The times are changing.

How long have you been here and what kind of issues you have faced while trading with India?

I have been here for three years now. India has a huge potential to grow. Japan majorly exports machinery and machine tools to India while we import gems & jewelry, marine products and IT or IT-enabled services from India. I constantly endeavour to meet visiting Japanese businessmen/ delegations to India and Southeast Asia and explain to them the Indian markets and the working of the Indian economy.



Could you name a few success stories of Indian companies doing business in Japan and vice versa?

They are TCS, Infosys, Wipro, i-flex are famous in Japan. Suzuki, Honda, Toyota, Mitsubishi are few familiar Japanese companies in India. There are about 75 percent Japanese manufacturers who have benefited from establishing their base in India in 2004-5. 90 percent companies have been expanding their operations between 2004-06 according to Japan External Trade Organisation's Research (JETRO). The manufacturing companies are



concentrated in the automobile sector mainly in the two-wheeler segment.

What are your views on the activities of the TCF?

It is a unique forum. The forum brings together trade commissioners of various countries under one platform to discuss various trade issues.

Could you comment on the present Indo-Japanese Business relations?

Japanese companies are showing a steady interest in the Indian markets. Many

delegations have also planned their visits this year. Our relation is growing weekly. Japanese have a growing interest in and are studying Indian business and culture. I request Indian people to try to learn more about Japan and there should be a constant exchange of ideas. We need more opportunities to gain correct and sufficient information on each other's business community. In India Chem 2006 (an exhibition on the chemical industry) scheduled in Mumbai, Japan will participate as the guest country, while in, IETF 2007 to be held in New Delhi, Japan will be the Partner Country. ■