

For a Stronger Alliance: Japan & the Global South



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As the Japanese domestic markets shrink, Japan is now considering the Global South as an important market for trade and investment, especially India, South Africa, Kenya, Ethiopia, and Bangladesh. The India-Japan economic, technological, and geopolitical alliance opens up a way for mutual prosperity, reducing Japan's dependency on China and propelling India's growth in technology and AI. This alliance can be accelerated by easing investment procedures and providing deeper knowledge of business conduct through research and education. India and Japan have created roundtables in the private sector that connect Indian and Japanese firms through economic and political blocs like BRICS+ and the G77 and develop joint ventures in renewables, AI, and infrastructures (India-Middle East-Europe Corridor). In order to expand these partnerships, more investment and inputs are needed in co-development of technology and to generate economic wealth, and counter US tariffs and China's economic overproduction.

Reducing Dependence on China

Over the years Japan had become dependent on Chinese manufacturing and supply chains. The recent geopolitical tensions between Japan and China affect the supply of semiconductors and electronics. In such a situation, promoting trade and investment with the Global South, especially India, can diversify procurement in the coming. Japan can also use Quad connections to build alternative routes and supply chains to offset over-dependence on China. The Japan-India Comprehensive Economic Partnership Agreement (CEPA) of 2011 covers liberalized trade to boost investment. It can be upgraded to smoothen rupee-yen payments. Japan is already providing ODA through JICA for the construction of northeast highways in Assam, Meghalaya, Mizoram, Tripura, Manipur, and Sikkim under the "North-East Road Network Connectivity Improvement Projects".

Matarbari Port Project in Bangladesh

Expanding maritime projects with Global South countries can bring win-win economic benefits for both Japan and the Global South. Japan is building the Matarbari Port about 36 nautical miles (63 kilometers) from Chittagong. Companies like Penta-Ocean Construction and TOA Corporation are leading Japanese involvement in BIG-B's flagship Matarbari Deep Sea Port via a joint venture contract signed in April 2025. Japanese companies such as Mitsui E&S, IHI Corporation, Sumitomo Mitsui Construction, Kajima

Corporation, Fujita Corporation, and Mitsubishi Corporation participate in related BIG-B elements like power plants, LNG terminals, bridges, and economic zones under MIDI. These companies enable technology transfer and industrial networks, fostering agglomeration in the Dhaka-Chittagong-Cox's Bazar corridor. Matarbari Port in Bangladesh will reduce the cost of transport and time. This could integrate the northeast with the rest of India and neighboring countries like Bangladesh and Bhutan. Japan could further strengthen value chain corridors to supply electronics, auto parts, textiles, and machinery, and it could also use Matarbari Port as an FOIP and growth belt to reduce dependence on China's BRI ports, such as the Gwadar, Hambantota Chittagong, Djibouti and Chancay ports. Japan can provide information to familiarize both Japanese and Indians of the efficacy of its projects and generate profit.

Global South & Japan

The Global South has emerged as a major force to reckon with led by India. Japanese home markets are shrinking while the Global South is expanding in consumption, growth, and geopolitics. Japan can do more business with the Global South by bringing together investment, technology transfer, market specific projects and supply chain diversification. The Global South, comprising Africa, Latin America and Asia excluding Japan, Australia, New Zealand, and some parts of Oceania, possesses both economic power and demographic strength. These nations are shifting the power balance from American unipolarity to multipolarity, aligning themselves to the force of the BRICS nations. About 80% of the global population live in the Global South. Northern societies are aging, with a 40-plus median age, while that of the Global South is 28-30. There is a labor shortage in many countries, while in Global South countries there is a surplus. The GDP of Global South countries is growing by leaps and bounds. It currently totals over \$46 trillion, which is about 40% of global output. Obviously, for a hegemonic power like the United States this growth can be threatening. In the last 25 years some countries of the Global South have emerged as important players in calling for a fair rules-based world order to circumvent wars and economic chaos.

Japan has framed policies to expand business overseas through larger investments and co-creations in the middle-income economies of the Global South. It can now expand local production and services by establishing assembly manufacturing and constructing logistics platforms and service centers in India, Latin America, and Africa to

reduce costs and gain access to new markets in the region. These initiatives will fit into developing strong supply chains and industrial partnerships. Japan can also use its co-creation model in constructing joint ventures, local ecosystems, technology licensing and project finance. The Japanese government is keen to promote DX, GX, critical minerals and next generation mobility with Global South countries. Japan has a great advantage in sectors like energy transition, infrastructure, precision manufacture, robotics, semiconductors, auto components, health care and water management.

Japan is also delivering its digital services and content industry overseas into the Global South market. Now Japanese SMEs and startups are entering emerging markets, which can be a risky venture. The government could subsidize and support them by providing development finance and industrial cooperation with Global South economies. Japan can build on its already pooled investments in these countries and provide a wider market for itself. Africa is not just an aid giving region but rich in resources, energy, and manpower. Japan can see Africa as a long-term market in agribusiness, infrastructure, mineral resource, and digital technology. The growth potential in African countries like Ghana and South Africa is tremendous especially in manpower and urban development. Japan must not just go for extracting minerals but build trust among local communities and develop industrial capability through training and skill development. For Japanese companies to win in the long run, selling more value-added goods is not the key but upgrading their industries and infrastructure. This is only possible by embedding Japanese firms in the emerging economies of the Global South. For example, Japanese firms can supply quality solar equipment to India, finance the project and train people. They could create service networks to bring in long-term revenues.

Japan's Green Energy Technology for India

India is keen to use Japan's highly advanced green energy technology to make a transition from semiconductors to sustainable technology and promote the "Make in India" aspiration. Japan's advanced green energy fabrication and R&D can overcome the technological gap in India's industrial development and generate wealth through tech export and job creation for both nations. Japan's Renesas Electronics in partnership with IIT Hyderabad is conducting Very Large-Scale Integration (VLSI) research supported by JICA (semiconductor design). Renesas is collaborating with CG Power to build an OSAT facility in Gujarat while Tokyo Electron Limited (TEL) and Tata Electronics are developing value chains where Japanese design/IP and Indian OSAT application can evolve. The VLSI project can be further developed in the area of advanced packaging and ATMP through Japanese equipment design firms and Indian OSATs in Gujarat or Hyderabad. JICA's Japan Desk can expand VLSI methods, placing it in India's academic curriculum and then send such students to Japanese labs for observation. Furthermore, the Japan-India partnership can develop VLSI-driven AI accelerators and computer chips using Japanese low-power design and OSAT large-

scale design for EVs, healthcare and 5G/6G platforms.

Technology Transfer & Liberalization

Japan can benefit from expanding the transfer of its semiconductors, AI, defense technology and digital infrastructure to India while India can further liberalize its economic pathways to allow Japanese cutting-edge technology and FDI to enter India. This would lead to a surge in economic growth and wealth creation which have been pinched by American tariffs on both nations. Twin partnerships between Japan and India are already in operation. Japanese Renesas Electronics is now collaborating with IIT Hyderabad to develop VLSI systems. These systems combine millions of MOS transistors on a single chip to power modern electronics such as processors and memory. The second successful project is the development of semiconductor ecosystem between TEL and Tata Electronics, India. Japan and India are also collaborating in defense coproduction to develop the Unified Complex Radio Antenna (UNICORN) mast used in naval stealth technology for the Indian Navy. Japan provides design technology while Bharat Electronics Limited (BEL) executes its production. Japan can expand its design technology with India's software expertise through Japan's \$68 billion investment in the next decade. In 2011, CEPA cut tariffs boosting trade in autos, electronics, and services industry. There are possibilities to finetune CEPA in rupee-yen trade and expand SMEs startups and 2025 summit projects (50,000 workers to Japan) and new defense co-production. Japan is highly dependent on rules-based supply chains. The Japan-India-Australia chain initiative provides an alternative to China.

VLSI

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Group of 77

Japan sees the Group of 77 as an important group and engages with it through the UN and COP conferences. Japan's long engagement with India, a co-founder, gives it access to infrastructure development like the bullet train project and defense technology sharing. Japan can expand infrastructure development

especially in Africa and Asia in developing ports, renewable energy, supply chains and trade routes through ODA. The G77 is struggling with green technology; Japan can develop hydrogen energy from GX strategy. The G77 in turn can support Japan on strengthening rules based on Hiroshima AI Process. Perhaps Japan can become a South-South bridge using Expo Osaka to expand business networks along the lines of the G7. Quad ties are in the doldrums, but Japan can use the forum to connect with India to stabilize the Indo-Pacific region and work on debt relief.

The G77 nonalignment policy will come into conflict with Japan's aligned views on Ukraine, Taiwan, and Iran. This could be avoided if Japan concentrates on mutual economic benefits and skirts geopolitics. Given India's ambition to become a tech giant, Japan could start a Japan-G77 partnership forum annually. Japan could increase loans to SME's in the G77 aiming for \$10 billion by 2030. Though it is difficult given geopolitical tensions, Japan could also partner with the G77 plus China on climate action.

BRICS+ & Japan

It is argued that Japan can get more out of its technology sharing and investment with BRICS+ nations than partnering just with India. Japan is engaging pragmatically with the Global South, developing its supply chains, access to resources and growth in markets amid its own shrinking domestic market. It has created new channels in BRICS+ for its trade, energy security and high growth markets (autos, robotics, green tech exports) in India, Brazil, the UAE, and Egypt, reducing reliance on the West or on a single country. Japan can expand its procurement of oil, minerals and food from Russia, Saudi Arabia, and Africa through sustainable partnerships.

BRICS+ has developed a hybrid model based on more tech investment, and interoperability payments have been developed and tested. BRICS+ represents nearly half the world's population, and over 40% of global GDP, led by China and oil resources and exports. The BRICS nations are pushing for strategic autonomy against Western dominance and seek reforms in global institutions like the UN and IMF.

Know About India

Japan can deepen its understanding of India by creating ministerial and diplomatic-level projects that study Indian politics, socioeconomic history and Japan-India relations and values. India-focused research can be developed by expanding the India platforms in MOFA, METI, JETRO, JBIC and Japanese think tanks guided by specialists in Indian politics, industrial policies, regulations, and geopolitics. Japan could also create an India-Japan Joint Study Model to understand trade, investment, services, the use of ODA and partnership building. There is also a need for Japan to study India's socioeconomic history and economic reforms and how they complement Japanese capital investment and technology partnerships in IT, pharmaceuticals, services, and digital infrastructure.

Japan can also study India's trade and investment reforms and

how they can be used by Japanese firms using ERIA, CII and official India as part of Japan's economic partnership study. In order for small companies to do business with India it is important to thoroughly understand the legal and business environment both in Hindi and English. There are differences in labor, land and incentives at state and local levels. Japanese companies can choose states that are conducive to their business and risk taking such as the DMIC, DFC or industrial clusters. Japanese firms must study the JETRO industry documents of case studies of Japanese firms in India and gather information on discussions, contracts, disputes, and resolutions. Though Japan is engaged in a lot to establish people-to-people academic ties, it needs to do more to strengthen these bonds and create true friends of Japan who will translate cultures and create wealth. Japan must promote Indian Studies at Japanese universities where young graduates can study history, law, politics, and regional languages and procure a short-term certificate or a regular degree. Students should be provided with opportunities to work in Indian companies and get hands-on experience. They could then become true ambassadors for Japan.

Furthermore, India research can be focused on Indo-Pacific and economic security, especially on supply chains, ports, critical technologies, and Global South cooperation and converging goals. Finally, joint vision papers should be studied to see how India sees itself and how it defines its role in South Asia, the Indian Ocean and Africa. Japanese policy and corporate strategies could then be based on them.

Expanding Japanese Education System

Now that Japan is seriously interested in generating wealth with the Global South, it especially needs to overhaul its curricula to make it more India-centric. Japanese universities must have more India experts and introduce interdisciplinary area studies in economics, politics, Hindi/Japanese language, and federalism under MEXT's Japan-India Exchange Platform Program with hundreds of partners. There could also be exchange quotas from Global South countries and JETRO/MOFA chairs, Japanese language immersion classes, and company-university tie ups. This could provide practical knowledge to train diplomats, managers and researchers who will understand India's rich and confusing diversity.

Japan has established its presence in Global South countries and has a good reputation to establish a win-win business model. Now it needs to multiply its choices to do business with the Global South which would force it to be less dependent on China. Undoubtedly there are important countries to invest in and co-create with, like India, South Africa, and Ghana, but other countries could also be accessed through blocs like BRICS+, the G77, the G20 and the Quad to tap into rich regions like Africa and Latin America and do business with them.



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