

PERSPECTIVE

India and Japan: the hardest easy relationship

Why the warmest partnership needs the most careful building, and why to start with Japan's SMEs

India and Japan like each other. Japan has ranked India its top future investment destination for fifteen years in a row. Yet only 1,434 Japanese companies operate in India, against 13,034 in China. Goodwill is not the same as easy business. In practice this is one of the most difficult relationships to build, and the warmth makes it easy to underestimate. It rewards the partner who takes the longer view, and who goes directly to Japan's small and mid-sized enterprises (SMEs).

1,434

Japanese companies in India (13,034 in China)

USD 25.1Bn

India–Japan trade

13%

trade growth a year, 2020–2024

Why it is harder than it looks

- **Consensus and long cycles.** Decisions are made slowly, by many people (nemawashi). A fast, informal approach reads as a lack of seriousness.
- **Very high standards.** Quality, documentation and delivery expectations are demanding, and an early lapse is remembered for years.
- **Language and communication.** Much is left unsaid. Plain English does not always carry the meaning, or the hesitation.
- **A cautious view of India.** Many Japanese companies still see risk in the operating environment and prefer to wait until they are sure.

Take the longer road, and go to the SMEs

Large Japanese groups are courted by every country and state, and they move on their own timetable. Japan's SMEs are different. Most Japanese companies are small and mid-sized, and many are specialists in precision parts, materials and machinery that India needs. They are far less approached, want to grow beyond Japan, and lack the India presence and people to do it alone.

The approach that works is patient and direct: small first orders, Japanese-language support, a single point of contact, secure terms, and distribution first with licensing and joint ventures to follow.

What India has to do

Offer Japanese SMEs a simple, reliable first step; show demand that is visible over several years; make approvals, certification and the first three years easy; and honour every term and date. The relationship will be slower than the rhetoric suggests, and stronger for it.

OUR ROLE

We understand nemawashi and long trust cycles. With a founder based in Tokyo, we are the execution bridge Japan has been waiting for: warm Indian buyers, structured partnerships, and one team that owns the journey from first meeting to production.

Goodwill is a start. Execution is the relationship.

Sources: Japanese company counts and India–Japan trade figures as used across The Guild Co. materials; Japan's ranking of India as its top future investment destination.