

Lecture on “Bilateral Relations between Japan and Pakistan” at Rotary Club Hyderabad in Hyderabad on May 13, 2015

I am very pleased to be given the opportunity to deliver the lecture today.

(Overview of bilateral relations)

Today I would like to talk about bilateral relations between Japan and Pakistan. Japan and Pakistan have always had a friendly relation throughout the last 63 years. Japan and Pakistan established diplomatic relations in April 1952. Their Majesties the Emperor and Empress of Japan paid a visit to Pakistan in January 1962 as then Crown Prince and Princess. In November 1992, Their Imperial Highness Prince Akishino, the second son of the Emperor and Princess, visited Pakistan.

The friendly relationship between the two countries is mainly centered on economic cooperation. Having started as a trading partner particularly in cotton and textile sectors in the 1950's, Japan's textile industry was dependent on Pakistan's raw cotton. And then Pakistani business started to export value-added cotton yarn instead of raw cotton and the modernization of spinning industry in Pakistan began from that time onwards. Japanese spindles played an important role to build Pakistan's textile industry. Japan exported a lot of textile machineries to Pakistan and imported the cotton yarn from Pakistan at that time. Therefore Japan made a notable contribution to the modernization of Pakistani textile industry. Hyderabad is famous for textile industry and has been and will continue to be a center of textile industry in Pakistan.

(Trade relations)

Talking about the current situation of bilateral trade between Japan and Pakistan, in 2013-14 the total volume of trade between Japan and Pakistan was 1.6 billion US dollars. Exports from Pakistan accounts to about 0.2 billion US dollars and imports from Japan was 1.4 billion US dollars.

Up to the year 2005, almost 60% of the exports from Pakistan to Japan were textile related. Cotton yarn accounted for about 40% of the textile related exports from Pakistan to Japan. By the year 2012, the ratio of textile items dropped to 24%. And export of chemical products increased to over 25% instead, followed by nonferrous metal (12%) and naphtha (11%). The major reason of the decline of export of textile items was the decline in demand of fabric made from cotton in Japan. The Pakistan's imports from Japan were mostly related to the machinery equipment in the textile sector in the past. But now the imports of automobile related products account for 46%, while the import of machinery, including textile sector, only accounts for 19%.

There are various suggestions to improve the overall trade balance between the two countries. The diversification of items and market research must be carried out. One possibility lies in mango export. Since 2013, Pakistan has been exporting mangoes to Japan, though still in small volume of 4-5 tons a year. I hear that the reaction in Japan is very favorable of its sweetness of Pakistani mangoes. The next step is how to make a good publicity in Japan. And of course the quality of mangoes to be exported to Japan should be kept at the highest level. I hope the amount of mangoes to be exported to Japan next year will be greatly increased.

Some possible products to be exported to Japan in addition to mangoes are textile products such as bed sheets and towels, leather products, surgical instruments such as knives and scissors and sports goods such as soccer balls.

Another factor to be kept in mind is that to make the export items more value-added. It is recommended that whatever you are planning to export to Japan be value-added in order to have

competitive edge in the global market.

(Investment to Pakistan)

The total foreign direct investment in FY2008 was 3.7 billion US dollars and it dropped to 0.8 billion US dollars in FY2012 and recovered a little to 1.4 billion US dollars in FY2013. The FDI from Japan was 131 million US dollars in FY2008 but it went down to 31 million US dollars in FY2013.

The main reasons for low FDI into Pakistan is the poor law and order situation, electricity load shedding and overall energy crisis in the country and thirdly the inconsistency of policies.

Now 78 Japanese companies are operating in Pakistan and 51 are operating in Karachi. The areas of Japanese investment in Karachi range from automobile and motorcycle industries, steel mills, chemical industries, pharmaceutical industries to zippers. One of the largest motorcycle companies in the world, Yamaha Motor has resumed assembling motorcycles in Pakistan, and I have attended the inauguration ceremony on April 27.

Under the initiative of the new Government, we hope to see the improvement in the investment climate, including the improvement of law and order situation, stable energy supply, including electricity supply in particular.

As for Japan, a business mission of 6 Japanese companies, organized by JETRO visited Pakistan in November last year. And from Pakistan, organized by Pakistan Japan Business Forum (PJBF), 12 people from Pakistani companies of mainly of textiles and pharmaceutical sectors, organized by PJBF visited Japan in January this year to seek opportunities for expanding trade between Japan and Pakistan. And about 30 business people from Japan visited Pakistan on the occasion of Expo Pakistan held in Karachi in February this year.

These endeavors have been made to attract investment from Japan, but in order to gain new investment flows from Japan, the law and order situation, the infrastructure such as electricity, water and roads must be improved and the economic policies should be consistent and should not be changed so frequently. If these conditions are improved, I am sure that new investments are expected to expand in the future.

(Japan's ODA to Pakistan)

Since 1954, Japan has been extending its ODA to Pakistan. The schemes of cooperation range from technical cooperation, grant aid and ODA loans in various sectors like health, education, environment, water supply, agriculture, transportation, infrastructure and so on. The cumulative amount of ODA from Japan to Pakistan up to Year 2013 is 1,278 billion yen; 976 billion yen of Yen Loan, 253 billion yen of Grant Aid and 50 billion yen of Technical Assistance.

In the area of emergency aid, Japan provided timely emergency assistance to Pakistan at the time of earthquake in AJK in 2005 and the floods in 2010, 2011 and 2012.

Regarding the ongoing ODA projects implemented in the interior Sindh, including Hyderabad, are the "Project for Upgrading Primary Girls Schools into Elementary Schools in Southern Rural Sindh" and "The Project on Sustainable Livestock Development for Rural Sindh".

Japan has a scheme called "Grant Assistance for Grassroots Human Security Project (GGP) to support small-scale development projects to meet the basic human needs of the local people. Japan has granted more than 300 assistances to Pakistan through this scheme to date and the

Consulate-General of Japan in Karachi has so far implemented 14 projects since 2009. I have signed a grant contract with the representative of Sindh Development Society for “the Project for the Provision of Water, Sanitation and Hygiene for 25 Primary Schools in Hyderabad” in February this year.

If there are any more requests for GGP from the local organizations in Hyderabad, we could consider implementing the project in the future.

(Prospect for Pakistan’s development)

Pakistan is a country with great potential for economic growth and Karachi is the key area for such economic growth. Pakistan has a large population of 188 million, the 6th largest in the world and going to be 340 million in 2050, becoming the 4th largest in the world. And the population is very young, of which 60% is under 25 years of age. This means there is a large market and ample work force in Pakistan. And Pakistan is very near to the Middle East. So a large potential market lies not only in South Asia but also in the Middle East. The large manpower and natural resources such as copper and coal are also available. With these available resources and favorable conditions, Pakistan has a big potential for development in the future.

What I would like to stress here is that education is one of the most important factors for development of a nation. Japan has no natural resources but has only human resources, who are very well educated. Human resources of Japan have such qualities as sincerity, honesty, dedication, discipline, punctuality and consideration for others. These qualities are as important as technical skills. The media in the world reported very highly that at the time of the Great East Japan Earthquake of March 11, 2011, the people in Tohoku region of Japan were very much disciplined, helped others and lined up patiently for food allocation, etc. The Japanese people with these qualities rose from ashes of World War Two and are now rising again after the Great East Japan Earthquake.

Let me quote a figure of Japanese educational level. In Japan about 98% of junior high school graduates go on to high schools and the rate of high school graduates who go on to study in the higher level is about 80 %, including the rate 50% of going to universities and 30 % of going to junior colleges or technical schools.

In Pakistan too, the key for success in developing the country is education. Basic education for all and higher education, especially in the area of science and technology, is important for economic development.

(Japan’s foreign policy)

Now I would like to speak on Japan’s foreign policy. Japan’s current foreign policy is centered on the basic policy of “Proactive Contributor to Peace”, based on the principle of international cooperation. Japan has consistently followed the path of a peace-loving nation since the end of World War II and has built up trust within the international community. Japan as a “Proactive Contributor to Peace” will contribute even more proactively in securing peace, stability and prosperity of the international community, while achieving its own security and the peace and stability of the Asia-Pacific region.

Since the inauguration of the current administration led by Prime Minister Abe, Japan has pursued a strategic foreign policy that “Takes a Panoramic Perspective of the World Map,” upholding universal values such as freedom, democracy, respect of fundamental human rights, and the rule of law. Since taking office in December 2012, Prime Minister Abe has been actively engaged in this strategic foreign policy, and he already visited about 50 countries, which is the most for any Japanese prime minister.

(Japanese new economic policy)

Let me touch upon Japanese new economic policy. Mr. Shinzo Abe, Prime Minister of Japan has introduced a suite of measures called “Abenomics” after being re-elected as Prime Minister second time in December 2012.

The Abe administration has been simultaneously implementing the policy mix of the “three arrows” for reviving the Japanese economy: (1) Aggressive monetary policy; (2) Flexible fiscal policy; and (3) A growth strategy that encourages private sector investment.

We see the effect of “Abenomics” clearly after it has been implemented. For example, GDP growth rate has recovered up to the level of over 2% in terms of annual growth. The personal consumption has been recovered and the depreciation of yen pushed up the export and the stock prices have risen.

Another theory that Prime Minister Abe announced at the General Assembly of the United Nations in September 2013 is a theory called “womenomics”. “Womenomics” asserts that the more the advance of women in society is promoted, the higher the growth rate becomes. Creating an environment in which women find it comfortable to work and enhancing opportunities for women to work and to be active in society is a matter of great importance.

I don’t have to repeat the story of Ms. Malala Yousafzai who has strongly appealed to the world the message of the importance of education of women in Pakistan.

Let me add that Tokyo was elected as the host city of the 2020 Olympic and Paralympic Games in September 2013. We are very happy that Tokyo was chosen as the host city for the 2020 Olympic and Paralympic games. And we are determined to make the event a success.

Just for your information, following the inscription of Mt. Fuji as UNESCO’s Cultural Heritage in June 2013, “Washoku” or Japanese cuisine was inscribed as UNESCO’s Intangible Cultural Heritage of Humanity in December 2013. And in June 2014, Tomioka Silk Mills and Related Sites was also inscribed as UNESCO’s Cultural Heritage.

(How to get information on Japan and Japanese culture)

Finally, I would like to introduce the activities done by the Japan Information and Culture Center (JICC) of the Consulate-General of Japan. The JICC organizes various cultural events such as film shows, exhibitions, flower arrangement workshops, etc. at the Center. We also issue “*Japan Information Bulletin*” three times a year. We have *Niponica*, a magazine about Japanese culture and other publications available at the Center. And also please visit the Web-site of the Consulate-General of Japan, the Ministry of Foreign Affairs of Japan and also there is a Web-site called “Web Japan” where you can get information on Japan and the Japanese people. As for information on Japan’s foreign policy, the Web-site called “Discuss Japan - Japan Foreign Policy Forum” is available. So please visit those Web-sites for your reference.

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