

## Lecture on “Bilateral Relations between Japan and Pakistan” At Indus University on October 1, 2015

I am very pleased to be given the opportunity to address 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 cotton yarn from Pakistan at that time. Therefore Japan made a notable contribution to the modernization of Pakistani textile industry.

(Trade relations)

Talking about the current situation of bilateral trade between Japan and Pakistan, in 2014-15 the total volume of trade between Japan and Pakistan was 1.65 billion US dollars. Exports from Pakistan accounts to about 0.25 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%.

(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 but recovered a little to 71 million US dollars in FY2014.

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. The new investments realized recently are Yamaha Motor which has resumed assembling motorcycles in April this year and MID Coil Center which will start production soon.

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, 12 people from Pakistani companies mainly of textiles and

pharmaceutical sectors, organized by Pakistan Japan Business Forum (PJBF) visited Japan in January this year and another business mission comprising of 11 business people from surgical instruments and sports goods sectors from Sialkot visited Japan in July 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 and further economic missions from Japan are expected to come to Pakistan later 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.

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.

(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 6<sup>th</sup> largest in the world and going to be 340 million in 2050, becoming the 4<sup>th</sup> 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 workforce in Pakistan. And Pakistan is very near to the Central Asia and the Middle East. So a large potential market lies not only in South Asia but also in Central Asia and the Middle East. The large manpower and natural resources such as copper, coal, zinc and natural gas 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 of 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.

Let me touch upon the foreign students who come to Japan for study. The number of foreign students at Japanese universities continues to increase, reaching over 184 thousand in 2014. About 93% of these

students are from Asia.

For your information, there are programs such as the Japanese Government Scholarship and Invitation Program to visit Japan for one or two weeks for university students and high school students from SARRC countries including Pakistan.

If you are interested in the scholarship or the invitation program, please look at the website of the Consulate-General of Japan in Karachi.

(Japan's foreign policy)

This year marks the 70<sup>th</sup> anniversary of the end of World War II. Since the end of the war on 15 August 1945, Japan has consistently followed the path of a peace-loving nation and has built up trust within the international community. Japan has learned many lessons from the tragic experiences and Japan is determined to contribute more actively to international peace. As the only country to have ever suffered the devastation of atomic bombings during war, Japan will fulfil its responsibility in the international community, aiming at non-proliferation and ultimate abolition of nuclear weapons.

Japan's current foreign policy is centered on the basic policy of "Proactive Contributor to Peace", based on the principle of international cooperation. 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 over 70 countries, which is the most for any Japanese prime minister.

(Japanese new economic policy)

As you may know that Mr. Shinzo Abe, Prime Minister of Japan has introduced a suite of measures called "Abenomics" after being re-elected as Prime Minister second time.

The Abe administration has been simultaneously implementing the policy mix of "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 and is expected to reach the level of over 2% annual growth in FY 2015. 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 won Nobel Peace Prize in December 2014 and has strongly appealed to the world the message of the importance of education of women in Pakistan and

in the world.

Prime Minister Abe put forward three pillars at the UN General Assembly:

(1) promoting women's participation in society and women's empowerment;

(2) engaging in greater efforts in the field of health and medical care for

women; and (3) promoting women's participation and protection in the areas of peace and security. Mr.

Abe indicated that Japan will implement ODA in excess of US\$3 billion over the next three years,

targeting these pillars. The "World Assembly for Women in Tokyo: WAW! 2014" was held in Japan in

September last year. And the Government of Japan hosted "WAW! 2015" from August 28 to 29 this year.

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 World Cultural Heritage in June 2013, "Washoku" or Japanese cuisine was inscribed as UNESCO's Intangible Cultural Heritage of Humanity in December 2013. In June 2014, "Tomioka Silk Mills and Related Sites" was inscribed on the World Heritage List. And in July this year, "the Sites of Japan's Meiji Industrial Revolution" has been inscribed on the World Heritage List.

(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.

(end)