

Prime Minister's speech to the Diet, 14th December 2006

14/12/2006

Hon'ble Mr. Kono
Speaker of the House of Representatives

Hon'ble Madam Ohgi
President of the House of Councillors

Your Excellency Prime Minister Shinzo Abe,

Hon'ble Members of the House of Representatives
And the House of Councillors of the National Diet of Japan,

Distinguished leaders and
Ladies and Gentlemen

I am acutely conscious of the honour you have bestowed upon me by giving me the opportunity to address this august House. It is a reflection of the goodwill and friendship that the people of our two countries have for each other. I bring to you greetings from the Parliament, government and people of India.

Excellencies, Ladies and Gentlemen,

Japan and India are civilisational neighbours. The common heritage of Buddhism is our oldest bond. Our two cultures have been enriched by mutual interaction throughout our history. The Indian Monk, Bodhisena, came to Nara over a thousand years ago to be present at the consecration of Daibutsu at the Todaiji Temple. In more modern times, Tagore and Okakura Tenshin built new bridges of understanding between our two great Asian nations.

The modernisation of Japan based on advances in science and technology since the Meiji Restoration and the energy and spirit with which it rose after the second world war had a deep impact on our first Prime Minister Jawaharlal Nehru. Jawaharlal Nehru wanted India to develop close ties with Japan and learn from its experiences.

It was Prime Minister Kishi who was instrumental in India being the first recipient of Japan's ODA. Today India is the largest recipient of Japanese ODA and we are extremely grateful to the government and people of Japan for this valuable assistance.

Japanese industry has played a valuable role in the development of Indian industries such as automobiles and petrochemicals. Japan was steadfast in its support when India went through a period of deep economic crisis in the early nineties.

In turn, India signed a separate peace treaty with Japan in 1952 in which all war claims against Japan were waived. The principled judgement of Justice Radha Binod Pal after the War is remembered even today in Japan.

These events reflect the depth of our friendship and the fact that we have stood by each other at critical moments in our history.

Each time I visit Japan I am truly inspired by your progress and deeply touched by your generosity. I will never forget my visit here in 1992. It was my first bilateral visit as India's finance minister.

I had then come to express our gratitude for Japan's help in dealing with an unprecedented economic crisis in 1991. That crisis gave us an opportunity to break out of an old mould and embark on a new path to progress through an open economy ready to compete in a globalising world. We looked towards Japan then to learn the virtues of resilience and dedication and how to create opportunity out of adversity.

Today, I return to Japan as the Prime Minister of a new India. Our economy in the past fifteen years has grown at an average growth rate of over 6 percent per annum. In recent years, it has gained further momentum and the growth rate has accelerated to over 8 percent per annum. India's investment rate is now 30 percent of our GDP. As a result of wide-ranging economic reforms initiated by our Government in the early 1990s, India's economy has acquired the resilience to accept the challenge and opportunity provided by economic globalisation and the emergence of a multi-polar world.

As an open society and an open economy, India is on the move. The success of our effort to transform India within the framework of a democratic polity is vital to peace and progress in Asia and the world. Never before in human history have over a billion people tried to banish poverty and modernise their society and economy within the framework of a plural functioning democracy.

We believe that India is now on a sustained path of high growth. We have developed a new model for service-led and technology-driven integration with the global economy. Today India has emerged as an important player in knowledge-based sectors like information technology, biotechnology and pharmaceuticals. Massive investments are being made in the expansion and modernization of physical and social infrastructure consisting of roads, railways, telecommunications, sea and airports. These developments will greatly add to the competitiveness and efficiency of India's manufacturing sector.

It is these developments and the changed international scenario that have I believe created the foundation for our two countries to rapidly develop our ties. I believe the time has come for our two ancient civilizations to build a strong contemporary relationship involving strategic and global partnership that will have a great significance for Asia and I believe for the world as a whole.

We are two major Asian countries who share the universally respected values of freedom, democracy, respect for fundamental rights and commitment to the rule of law. We must draw on these common values and the enormous economic complementarities that exist between us to build a strong partnership of the highest mutual importance.

We also share the belief that both India and Japan must play their rightful and commensurate role in the emerging international order. Strong ties between India and Japan will be a major factor in building an open and inclusive Asia and in enhancing peace and stability in the Asian region and beyond.

Economic ties must be the bedrock of our relationship and a strong push is required

in this area. Our trade and investment ties are well below potential. In contrast, India's trade with both China and Korea is booming and grew last year at around 40% with both countries. China's trade with India is nearly three times India's trade with Japan and Korea's trade with India is almost equal to Japan's trade with India.

As I said this must change. To exploit the full potential of our economic cooperation, we need strong efforts by our two governments, business and industry.

Looking to the future I believe that the most important area in which we can build this partnership is the knowledge economy. The structure of our economies, the balance of our comparative advantages and the profile of our populations are compelling reasons for this.

In the field of science and technology we need to accelerate the pace of cooperation in the growth sectors of the future such as nano-technology, bio-technology, life sciences and information and communication technologies. We must exploit synergies in the development of Indian software and Japanese hardware industries.

Any partnership of minds involves greater people-to-people contacts. I would like to see more students in India learning the Japanese language. Japanese has already been introduced as an optional foreign language in our secondary schools. Tomorrow, Prime Minister Abe and I will be launching the "Investing in the Future Initiative" and we hope to see thousands of our youth learning Japanese in the next few years.

Another area of mutual interest is energy security. Our region as a whole needs the assurance of the security of energy supplies, and the efficient functioning of energy markets.

We have an equal stake in promoting defence cooperation, including for protection of sea-lanes to secure our trade and energy flows.

Like Japan, India sees nuclear power as a viable and clean energy source to meet its growing energy requirements. We seek Japan's support in helping put in place innovative and forward-looking approaches of the international community to make this possible. At the same time, I would like to affirm that India's commitment to universal nuclear disarmament remains unshaken.

Terrorism is a common threat to our peace and is threatening the harmony and fabric of our open societies. It is a complex problem that has many faces, many causes and respects no geographical barriers. We cannot prevail in the fight against terrorism unless we work together.

I am very pleased that India and Japan are working together to revitalize and reform the United Nations, and the U.N. Security Council, making them more relevant to our times. Both of us have a vital stake in the enhanced effectiveness of the United Nations and its various organs. To that end we must intensify our cooperation for an orderly and equitable management of the interdependence of nations in an increasingly globalised world we live in.

As the largest and most developed democracies of Asia, we have a mutual stake in each other's progress and prosperity. We are determined to provide an investment friendly economic environment in India. I invite Japanese companies to expand their presence in India. Prime Minister Abe and I will launch negotiations that will lead to a

Comprehensive Economic Partnership Agreement to encourage greater flows of trade, investment and technology between our two countries.

Our partnership has the potential to create an “arc of advantage and prosperity” across Asia, laying the foundation for the creation of an Asian Economic Community.

These hopes and aspirations of an expanded India-Japan partnership will become a reality only if we increase exchanges between our two countries at all levels. We have agreed to establish a high level Energy Dialogue but such fora must be established in many more areas, not least of all between our trade and industry.

Excellencies, Ladies and Gentlemen,

The friendship between people is the cornerstone of any strategic partnership. I am delighted to hear of the popularity of “Odori Maharaja” among young people here. Our children were delighted to see your own “Odori Asimo” – the dancing robot! I believe the number of Indian restaurants in Japan has increased phenomenally. I assure you that sushi and tempura are becoming popular in India!

2007 is the India-Japan Friendship Year and the year of India-Japan Tourism Exchange. We also hope to substantially increase air connectivity between our two countries. I invite young and old Japanese to visit India and see for themselves the many splendours of ancient and modern India.

The idea of a new partnership between Japan and India has found its moment today. I come here to give concrete shape to the idea so that future generations will be able to thank us for the part we are trying to play in making the 21st century an Asian century.

Thank you.