

**Address by Ambassador Satoshi Suzuki
at the Opening Session of the Indo Pacific Business Summit
(July 6, 2021)**

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H.E. Mr. Federico Salas Lotfe, Ambassador, Embassy of Mexico
H.E. Dr Hussain Niyaz, High Commissioner, H.C. of Republic of Maldives
H.E. Atul Keshap, Charge D'Affaires, Embassy of USA (invited)
Distinguished Guests, Ladies and Gentlemen,

1. Introduction

Good afternoon. It is my great pleasure to address you all today. At the outset, I would like to thank CII for hosting this event in partnership with the Ministry of External Affairs of India and for bringing together various experts from all corners of the region.

2. Indo-Pacific Oceans Initiative (IPOI)

It is still fresh in our minds that Prime Minister Modi unveiled the Indo-Pacific Oceans Initiative - or IPOI - in his speech at the East Asia Summit in 2019. This is a foresighted initiative in the sense that it reflects two critical realities of the time. One is that peace and security of the Indo-Pacific is paramount for stability and prosperity of the entire world given its weight in the global economy. The second reality is that collective efforts are necessary to cope with various challenges that this region is faced with.

Japan's Free and Open Indo-Pacific Vision and IPOI attach emphasis on a nearly identical set of fundamental principles and values. Therefore, it was natural for Japan to convey its decision to be the lead country of the seventh pillar of IPOI, which centers on connectivity. I believe this to be an

important pillar, as economic and trade connectivity within our region will play a vital role in the post-COVID world.

3. Supply Chain Resilience

2020 was a year in which countries around the world struggled against the spread of COVID-19. And halfway through 2021, we are still in the midst of this pandemic. I would like to express my deepest condolences to those who have lost their loved ones due to Covid-19.

After witnessing the disruption of global supply chains caused by this pandemic, we all are now painfully aware of the risks inherent in global production and logistics. For example, Japanese auto companies were severely affected by temporary disruptions in their production lines in Asia.

The risks that companies must deal with today are increasingly more complex in nature. In addition to the traditional risks such as geopolitical risks, trade restrictions, tariff measures and currency fluctuations, companies now have to deal with new risks such as climate change, more frequent and devastating natural disasters, and cyber risks. They must also ensure that their operations are in compliance with human rights and labor related standards of the free world. With COVID-19 related disruptions on top of these, I believe that none of the participating countries nor companies can mitigate these risks on solely on their own.

The pandemic has made us recognize the need to change the way we connect and interact with each other in order to collectively cope with these risks in a more resilient way. Maintaining supply chain resilience through better connectivity and risk management is going to be the top driver of success for companies in the post COVID world. Both the public and private sectors must work together to achieve this end, by vigorously taking such measures as visualization of supply chains using digital technology, facilitation of trade procedures, and harmonization of regulations and standards. The Japanese Government is working with likeminded

governments through such frameworks as the Supply Chain Resilience Initiative and the Quad to further these ends.

4. Potential gain of India from the Indo-Pacific

Let us take a step back and take a look at the potential economic gain that India could have by connecting its market with the rest of the Indo-Pacific region.

So as an illustration, let us compare the export sales to total sales ratio of Japanese companies operating in various places in Asia. The export sales ratio of Japanese companies in many ASEAN countries are in the upper 40% to 50% zone, meaning that they export roughly half of what they produce in these countries. Even Japanese companies in China have a 33% export sales ratio. On the other hand, in India, the export sales ratio of Japanese companies remains at a low 18% - almost half of that in China.

This shows how companies operating in India are still very much focused on the domestic market and not so much on exports. When we consider the fact that export-oriented companies have a tendency to show better profit forecasts, I believe that there is still much room to be gained if India connects itself deeper and wider into the greater Indo-Pacific region.

This gain is not limited to the traditional trade of goods. We all know that India is home to many start-ups. Since the beginning of 2021 alone, ten (10) “unicorn” companies were born from India despite the severity of the pandemic we experienced here. Rather, the pandemic has accelerated the rate of digital transformation, and these companies have managed to meet the expectations of the people using digital technology.

The Indo-Pacific can offer a broader customer base to these companies and indeed, we are witnessing Indian start-ups expanding their businesses in Asia. India’s excellent human resources in the area of IT, and Japan’s strengths in technology, quality, and the vast supply chains it has in Asia

could be combined to bring benefits to all peoples of the region to further accelerate the digital transformation in Asia and beyond.

5. Conclusion

Finally, I would like to point out once again, that the emerging risks that we see only serve to increase the need for all stakeholders to collaborate to overcome these risks and grasp future growth. Today's summit is offering an excellent opportunity for all participants to do just that. So, please allow me to close my remarks by offering my best wishes for this forum's great success.

Thank you very much.