

Seminar on Quality Infrastructure: Japanese Investment in India

Inaugural Address by

Mr. Kenji Hiramatsu, Ambassador of Japan to India

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- It is indeed my great pleasure to be here today, and I feel honored to be given the opportunity to present my remarks at this seminar on Quality Infrastructure. At the outset, I would like to extend my sincere appreciation to Dr. Pratap Bhanu Mehta, President and CEO, Centre for Policy Research, and his colleagues for organizing this seminar.
- The Japan-India economic relationship has been strengthened further, ably supported by the very cordial relationship between our two Prime Ministers. Japan's Foreign Direct Investment to India has increased appreciably over the last decade. Annual flow of Japan's FDI to India has increased by more than 10 times, from USD 206 million in FY 2005 to USD 2.6 billion in FY 2015.
- In September 2014, when the Prime Minister Modi visited Japan, the two Prime Ministers decided to set a target of

doubling Japan's foreign direct investment in five years. We would like to further strengthen our joint efforts to achieve this target.

- The development of infrastructure is essential for India to attract investments from Japanese companies. This is also beneficial for the local industries to expand their businesses.
- I hope that today's seminar would be a great opportunity to share with you how infrastructure developments, especially Japan's "Quality Infrastructure", can contribute to sustainable economic growth in India.
- Asia has voracious infrastructure demand, reaching as much as 100 trillion yen (close to 1 trillion USD) annually. India has highest demand for infrastructure development among Asian countries.
- Based on this background, the Government of Japan has been implementing various measures to promote "Quality Infrastructure".
- In May 2015, "Partnership for Quality Infrastructure" started providing approximately USD 110 billion in Asia

over the next five years, by making full use of Japanese economic cooperation tools including ODA, as well as by collaborating with the strengthened Asian Development Bank (ADB).

- Furthermore, the Government of Japan announced the initiative of “Expanded Partnership for Quality Infrastructure” at G7 Ise-Shima Summit in May 2016. This plan is aimed at financing approximately USD 200 billion over the next five years, to infrastructure projects across the world.
- These new initiatives have enabled us to provide a larger amount of risk money to infrastructure projects all over the world, of course including India. Japan will make continuous efforts to further expedite Japan’s ODA Loan procedures. Japan will also promote the mobilization of private funding for infrastructure projects through new types of ODA Loans to provide capital and guarantee for Public Private Partnership (PPP) infrastructure projects.
- Under this scheme, we expect a significant expansion of Japan’s investment to India’s infrastructure development in

an expeditious manner.

- Now let me explain “Quality Infrastructure,” with some concrete examples of our assistance to India, as our cooperation in India has continued for a long time in a wide range of sectors on various scales, and the ‘quality components’ is always highly regarded in our cooperation.
- The elements in ‘quality infrastructure’ include (i) Economic Efficiency (low life-cycle cost), (ii) Resilience against natural disaster, (iii) Safety, (iv) Consideration on environmental and social impact, and (vi) Contribution to Local Society and Economy. Our cooperation contains all these features and has brought ‘Quality Infrastructure’ into India.
- At first, “Quality Infrastructure” may appear costly. However, since it is easy to use, durable, environmentally friendly and disaster resilient, “quality infrastructure” is indeed cost-effective in the long run.
- High Speed Rail or Shinkansen in Japan is an excellent example of “Quality Infrastructure.” It runs for more than

50 years in Japan. It is safe as there have been no operational fatal accidents since its beginning. It is resilient to natural disaster, as you can remember that during the Great East Japan Earthquake, there were no serious damages for Tohoku Shinkansen. JR East normalized the whole operation in 50 days.

- Japan and India are paving the way for opening the Mumbai-Ahmedabad High Speed Rail (MAHSR), using Shinkansen technology from JR East. This project can be a symbol in our cooperation in the infrastructure sector. In accordance with the roadmap mentioned in the Japan-Indian Joint Statement of November 2016, the General Consultant has already started its work in December 2016. Subsequently, the construction work will commence in 2018, and the operation will start in 2023.
- In terms of Resilience against natural disasters, in Japan, we have established the technology to build strongly resilient infrastructure against great disasters, because our country often suffers from natural disasters. Therefore, we can contribute to upgrading the level of disaster

management in the local communities in India. The Government of Japan expressed its intention to collaborate in the smart city projects in Ahmedabad, Chennai and Varanasi. Our smart city initiatives include the concept of making cities and buildings resilient.

- Regarding the consideration on environmental and social impact, one of the prominent examples is the Delhi Metro ODA Project. This is familiar with citizens in Delhi and regarded as one of the safest and most energy-efficient urban public transportation systems. The Delhi Metro has reduced the heavy traffic of automobiles, and this can play an important role for mitigating the aftermath of the air pollution. I would also like to mention that the introduction of train carriage for women contribute to women's well-being.

- In the field of environment, Japan has faced serious environmental problems in 1960s and 1970s. We have overcome these problems, with the collaboration of public and private sectors for a long time. I believe that Japan's experiences and the 'Quality infrastructure' based on

Japanese high technology can also be useful in solving the environmental problems in India.

- In addition, many water or sewage projects have been implemented with the support of ODA Loan. For example, we have been supporting the projects for water supply, sewage and toilet provision in the Ganga river, Yamuna river and Mula-Mutha river in Pune. Through these projects the quality of life of the citizens has been greatly enhanced. In the sewage improvement projects, lots of toilets have been also constructed. These efforts can contribute to the 'Swachh Bharat' campaign by Prime Minister Modi. We would like to enhance the cooperation with the Government of India in the field of sanitation and environment.

- As I explained, Japan's ODA has played an important role in developing India's Quality infrastructure. Japan's ODA loan commitment to India in FY 2015 reached 366 billion yen, an all-time high. This figure was the highest in comparison to ODA provided to any other country. As we are reaching the end of this fiscal year, we are expecting the

similar amount of ODA loan will be provided in FY 2016 as well.

- As the economic relationship between Japan and India is increasingly important, infrastructure development is indispensable for strengthening our economic relationship and promoting Japan's investment to India. I believe that Japan can continuously contribute to India's "quality Infrastructure" development.
- I sincerely hope that today's seminar will provide valuable inputs to our future collaboration. Thank you very much.