

Keynote Address by Ambassador SUZUKI Satoshi
ICRIER Webinar “India-Japan Partnership Towards
Resilient Supply Chains”
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His Excellency Mr. Sanjay Kumar Varma, Ambassador of India to Japan,
Dr. Deepak Mishra, Director and Chief Executive of ICRIER,
Dr. Elisabetta Gentile, Economist of Asian Development Bank,
Distinguished panelists, Ladies and Gentlemen,

I am pleased to join you today to deliver my message on this important topic of Resilient Supply Chains.

(Prime Minister's visit)

On 19th of March, Prime Minister Kishida visited India and held the Summit meeting with Honorable Prime Minister Modi. This was Mr. Kishida's first bilateral visit outside Japan since he took office last October, which is a befitting example of how highly Japan values its relations with India.

At the meeting, both the leaders expressed their shared intention to realize a public and private investment and financing of 5 trillion Japanese yen, which amounts to approximately Rs three lakh crore, from Japan to India in the next five years. This came as Suzuki Motor Corporation signed an MoU with the State of Gujarat on the margins of the Summit to invest approximately Rs 10,000 crore (around 150 billion Japanese yen) for manufacturing electric vehicles and EV batteries in Gujarat.

The joint statement released after the summit includes a number of important economic takeaways such as:

- The progress in the Mumbai-Ahmedabad High Speed Rail project, which is a flagship bilateral cooperation project;
- The exchange of official notes concerning yen-loan for seven projects in India, under which Japan provides over 300 billion yen (over 20,000 Crore rupees) of loans for various socio-economic development projects in India;
- The launch of the "Japan-India Clean Energy Partnership" towards achieving respective carbon neutrality goals;

- The formulation of a Roadmap under the existing “India-Japan Industrial Competitiveness Partnership”;
- The launch of a new initiative for the sustainable development of the North Eastern region of India, and
- The operationalization of the Specified Skilled Worker scheme and the starting of its qualification tests in India.

The Summit was highly successful and both the governments reaffirmed their resolve to further advance our economic partnership.

(Rising importance of economic security)

Japan and India are in a “Special Strategic and Global Partnership.” This is the only bilateral partnership that Japan calls “special,” “strategic” and “global.” At present, economic security is emerging as one of the critically important aspects of our partnership. We have experienced a series of disruption in global supply chains since the advent of COVID-19. Distortion was first witnessed in the supply chain of medical equipment, followed by all types of containers used in shipping industries and a jolting impact on the supply chain of semiconductors.

At the same time, we saw rising economic tension between the US and China whereas we are currently witnessing the conflict in Ukraine. We cannot rely on China and Russia for the supply of rare metals or rare earths under the current situation and we need to diversify the supply chain for critical strategic materials as Dr Mishra mentioned at the outset. The currently ongoing situation is also causing a massive disruption of energy and food supplies across the world. In such a tumultuous situation, we must remain resilient and keep focusing on our common vision of a free and open Indo-Pacific, free from coercion, based on the shared values and principles that we have nurtured.

Earlier this month, the Cabinet of Japan submitted a bill on enhancing economic security to the Parliament for approval. One of the key elements in this bill is to strengthen the supply chains of specified materials and goods. This bill is one of fundamental elements for the realization of a "new form of capitalism" that Prime Minister Kishida advocates since he took office. The bill also aims at ensuring economic growth while improving the autonomy of Japan's economic structure.

Given the complex international circumstances as well as the magnitude of the issue, we are also aware that a single country cannot achieve economic security solely on its own. In addition to deepening bilateral cooperation, Japan and India are also collaborating as members of the Quad in this regard. Japan will be hosting the next Quad Summit Meeting in the coming months. Practical cooperation in contemporary fields such as critical and emerging technologies, cybersecurity and climate change are good examples of what the Quad framework intends to offer.

(Importance of investment and trade flows)

Let me emphasize here that these measures and partnerships are not for protecting or isolating ourselves. Rather, economies in such a world would be powered by robust investment and trade flows through diversified, resilient, transparent, open, secure and predictable global supply. A resilient supply chain is thus crucial because it overarches the economic prosperity and security of our people.

Building resilient supply chains especially using digital technology has immense potential. Visualization, simulation, AI-led forecasting and data-driven optimization of supply chains are prominent technologies used by industries today. The Japanese government promotes diversification of trade and investment and incentivizes the enhanced utilization of digital technologies by private companies.

Japan-India economic ties after WWII started with iron ore imports from India to Japan in the 1950s. Indian iron ore accounted for 30% of Japan's iron ore imports in 1960, contributing significantly to Japan's swift reconstruction after the devastation of the war. Japan's very first Official Development Assistance loan was provided to no other country but India in 1958. Later on, Suzuki Motor and Daikin expanded their businesses to India in the 1980s and 2000s respectively, which contributed significantly to the build-up of India's manufacturing industry and its capacity by having created a network of parts and components suppliers in India. Japan and India have always achieved economic prosperity together with strong supply chains both domestically and internationally.

This year we mark the 70th anniversary of the establishment of our diplomatic relations. On this auspicious occasion, our Prime Minister mentioned at the business forum on the margins of the Summit meeting that he looks forward to opening a new chapter of our economic relationship through the cooperation between the public and private sectors.

Over the next five years, the two countries will work together to achieve a target of total investment of 5 trillion yen. We have successfully achieved 3.5 trillion yen investment target in the past five years. So we set an even more ambitious target this time. This new target, combined with the Production Linked Incentive (PLI) schemes of the Government of India, will definitely help in fully realizing the "Make in India" initiative in the near future and also in achieving India's "5 trillion dollars economy" by 2025.

I know I am speaking on behalf of my friends present here today and those in the Government of India as well, when I say it is absolutely necessary to make consistent efforts to transform India to an even more attractive and business-friendly place for Japanese investors in order to realize our shared target.

So in closing, I would say to all the participants here, Indian and Japanese alike. Let us not forget to do our homework. Let us join hands in this important endeavor.

Thank you very much and I wish for all the success of this webinar.

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