

Speech on Japan-UK Relations
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1 Introduction

This is the first time for me to visit Glasgow as Ambassador. I would like to thank the Japan Desk Scotland and Glasgow Museums for affording me this opportunity today. I am grateful to be given a chance to provide you with the comprehensive review of the flourishing relationship between my country and the UK. I said this was my first visit as Ambassador; however, my first ever visit to this great city dates back to the winter of 1973, almost forty years ago, while I was an English language student in Folkestone, England.

I was an avid football follower then, much as I am now, and I recall that when I arrived in Glasgow it happened to be a match day and that one of the Old Firm, I think it was Rangers, had a home game that day. I was thrilled at my luck. I must hasten to add that it was long before Shunsuke Nakamura came here, and my position on the old rivals was neutral: I just wanted to see a good, tough Scottish football match at the highest level. Unfortunately, however, I failed to see the match.

Why, you might ask? Well, I am ashamed to confess that the future Japanese Ambassador to the UK did not have a sufficient command of English – or, more to the point, Glaswegian English. As I tried to ask for directions, people were kind enough to provide me with a lot of information, perhaps too much information.

I simply could not understand what they were saying and got increasingly confused. I wasted about an hour, going back and forth around the railway station, and in the end had to give up. So to visit Glasgow for an Old Firm match has always been my secret ambition.

You will understand, therefore, how disappointed I am to find a situation where one of the teams no longer exists in the same league as the other and, what is worse, it will take at least a few more years before things get back to normal, if ever, because of the sorry reasons you all know about. That said, I have come to Glasgow for a different reason this time, and hope that I can now communicate a little better with the local people.

Gratitude for support following the Great East Japan Earthquake and Tsunami

Now let me turn to somewhat more serious business. I would like to take this opportunity to thank all the people, including many of you here, who have been and still are involved in various humanitarian activities for their generosity and goodwill in the cause of aiding Tohoku after last year's giant earthquake. I want to say to you – and, through you, to everyone involved – “Thank you very much, from the bottom of my heart.”

In Japan, this year is “Year One of Our Rebirth”. When I visited Fukushima Prefecture in January, I felt reassured by the strong economic damaged pulled by huge reconstruction needs. A reconstruction budget of £140 billion (¥18 trillion) was put in place for last year and this year combined. But it will be a long and winding road ahead.

Aside from small-scale ports, the renewal of infrastructure has been almost completed. The massive amount of rubble from buildings damaged by the tsunami has been removed, but disposing of it through landfill, incineration and recycling is the next challenge. A gigantic challenge, indeed. Another task from now on is to construct housing to replace what was destroyed, and for this we not may need to secure the necessary land, but people will have to make difficult decisions.

Special Zones for Reconstruction supported by a Tax Incentive System have been set up in the devastated areas. It is worth making it clear that, for the huge task of reconstruction, on top of our own efforts we need help and expertise from abroad. Japan has embarked on what it calls “open reconstruction” and welcomes overseas participation in this regard. For instance, IKEA and Amazon have already built new facilities in the Tohoku region.

Meanwhile, Japan's experience in tackling this disaster may serve as a beacon for the rest of the world in disaster-management. Indeed, in the years ahead Japan can play the role of a “front-runner” in the international community's race for progress in many challenging areas. We may well

find ourselves leading the way in identifying solutions to some of the most formidable challenges facing the world such as ageing, energy and water.

Last month Japan set out a new energy policy. It decided to adopt a strategy regarding resources centred on effecting a “green energy revolution” to bring about at the earliest opportunity a society no longer reliant on nuclear energy.

Over the next three years Japan intends to do everything in its power to give priority in developing resources to (1) green and environmentally-friendly energy, for which demand both in Japan and abroad is forecast to grow; (2) the health sector; and (3) agriculture, forestry and fisheries. Natural disasters definitely have negative impacts, sometimes hugely so, but through the trials and tribulations imposed by nature one can find new ways to achieve even greater prosperity.

Talking of negative impacts, so much has been said about the negative aspects of the ageing of Japan, as if Japan itself were decaying and dying. Dealing with the ageing society is certainly a serious problem for Japan. However, there are always two sides to everything. What is more, it is not just Japan’s problem, but is and will be a universal problem in parallel with economic development and medical advancement.

According to a United Nations report, by the end of the next decade the number of people over sixty years old will exceed one billion throughout the world. Here lies a big challenge and a big opportunity. Admittedly it poses a number of challenges, including the increasing need for nursing care and rising pension and medical costs, but there is nothing inherently wrong about an ageing society being brought about by increasing longevity.

It is something to be celebrated if people live longer, as long as they are properly supported and cared for. As Japan has adopted the Universal Health Insurance System, its nationals invariably enjoy a high standard of healthcare, as well as one of the highest levels of life expectancy in the world. In order to effectively deal with the rising cost of social security, we have decided to increase the rate of VAT from 5% to 10%, which by the

way would still be very low as compared with most of the advanced economies.

What is more, there lies a huge potential market for new businesses for the fast-growing consumer group of the aged. This emerging market of one billion people, which is almost as big as the current entire population of China or India, are not only relatively better off but also more willing to spend than to save, especially in countries which have efficient social security systems.

Against this backdrop, Japan intends to speed up the development and introduction of nursing care robots from around 2015. It is expected that the market scale for these items will reach the order of 400 million pounds (¥54billion) by 2020, and will exceed 3 billion pounds (¥400billion) by 2035.

Furthermore, the Japanese Government has recently started to issue visas for what could be called “medical/therapeutic stays” mainly for people from Asia in order to provide them with Japan’s top-level medical services. The visiting foreign patients will be diagnosed and treated with the most advanced medical equipment and techniques.

It is calculated that there is the potential for as many as 430 thousand foreign patients to visit Japan for that single purpose by 2020, creating a market worth 4 billion pounds (¥550 billion).

Meanwhile, Japan has a strong track record in medical research. On Monday, Professor Shinya Yamanaka from Kyoto University won the Nobel Prize in Physiology or Medicine alongside Professor John Gurdon from Cambridge University. In 2006 Professor Yamanaka discovered how to create iPS cells, or induced pluripotent stem cells, which would revolutionise so-called regenerative medicine in that they would make it possible to repair or reproduce human organs from the mere tissue of the person concerned. His achievement makes him the 19th Japanese citizen to win the Nobel Prize.

The fact that Japan is facing the big challenge of ageing earlier and faster than other nations, therefore, is not bound to be a fatal problem, but can be

turned into an opportunity to develop, as the front-runner, technologies and systems ahead of other countries, and thus to benefit from the resulting commercial opportunities.

2 Imperial Visit and London 2012

Now, moving on to an overview of the UK-Japan relationship, I would like to begin by mentioning briefly two stirring events that focused the world's attention on the UK this year: Her Majesty The Queen's Diamond Jubilee celebrations and the London 2012 Olympic and Paralympic Games.

In May a very special event took place in the form of an official visit to the United Kingdom by Their Majesties the Emperor and Empress of Japan. The visit had particular significance for His Majesty as he had attended the Coronation of Her Majesty The Queen in June 1953 when the then-Crown Prince was still a teenager. It was his first ever overseas visit, and he enjoyed it very much.

The main purpose of the trip this time was for Their Majesties to attend a formal luncheon with other monarchs from around the world to celebrate the Diamond Jubilee of Her Majesty The Queen. In addition, they were keen for an opportunity to convey their personal gratitude to the people of the United Kingdom for their generous and sincere support and assistance so swiftly extended to Japan following the Great East Japan Earthquake and Tsunami last year.

When the Emperor first visited the UK in 1953, Scotland was included in his itinerary. According to *Biographical Portraits* by Sir Hugh Cortazzi, a former British Ambassador to Japan, the then-Crown Prince, "after his audience with the Queen in London, travelled by night train to Edinburgh". Apart from admiring and enjoying the usual sights there, the Prince "spent some time shopping".

He exchanged visits with the Lord Provost (of Edinburgh) Sir James Millar. He then went on to visit the Duke of Buccleuch (Buck-loo) at

Bowhill, Selkirk, where he was shown the Duke's hounds. He stayed at the George Hotel in Edinburgh, where "Scottish dances were performed in the dining-room for the enjoyment of the Prince". The Crown Prince visited Scotland again in 1976, this time with his wife, and visited the University of St Andrews, the alma mater of the Duke and Duchess of Cambridge.

Furthermore, Her Imperial Highness Princess Mako of Akishino has just started her studies at the University of Edinburgh. These episodes reflect the warm friendship that has developed between Japan and the UK, including Scotland, helped by the links between our Royal and Imperial Families.

Turning to the Olympics, I would like to highlight the fact that this was actually our first opportunity to participate in the Olympics in London. On previous occasions, both in 1908 and 1948, circumstances had prevented my country from taking part.

Like most people in the United Kingdom and millions more around the world, I could hardly take my eyes off the action during the Olympics and the Paralympics. Naturally, I was following the fortunes of the Japanese contingent with particular interest! In the Olympics alone, Japan won a total of 38 medals, the largest number ever in its Olympic history, although this achievement was overshadowed by the triumphant performance of Team GB, which had medallists, including Glasgow-born Andy Murray.

In the case of Japan, football was one of the most successful events. In this regard, Glasgow turned out to be a lucky location for our Men's team as they started off with a 1-0 win over Spain here on the 26th of July, which certainly surprised the world, including Japan!

That event has been dubbed the "Miracle in Glasgow" by some of the media. It inspired the Women's team, which went on to win the silver medal only to be beaten by the world's number one team, the US. Although the Men's team was beaten in the bronze medal match, Glasgow will always occupy a warm place in the hearts of Japanese sports fans.

The Olympics and Paralympics were particularly significant for Japan this year. Not only would the athletes be striving for their own satisfaction, but through their fortitude and determination they would be a source of hope and encouragement to the many people back in Japan still grappling with the task of rebuilding their lives following the devastating earthquake and tsunami last year.

If Tokyo is successful in its bid to host the 2020 Olympics and Paralympics Games, it is possible that some events will be held in other locations, just as football was played in Glasgow during London 2012. Some venues could be in the disaster-stricken regions, which would no doubt serve to show the world in 2020 how we have regenerated and transformed the devastated communities.

3 Japan-UK relations

(1) Prime Minister Cameron's visit to Japan

Now I would like to turn to Prime Minister Cameron's official visit to Japan in April. When an Ambassador says that such a visit has been successful, you might be tempted to discount it, but I can say with full confidence that it was honestly a very fruitful visit. This was, in fact, the first official bilateral visit to Japan by a British prime minister for nine years. In the wake of the visit, Prime Ministers Cameron and Noda issued a Joint Statement, entitled "A Leading Strategic Partnership for Global Prosperity and Security".

One of the pillars of the Joint Statement was the strengthening of trade and investment between the two countries. Mr Cameron was accompanied by top executives from more than 40 leading British companies. He began by visiting the headquarters of Nissan, which announced during his visit a major new investment in the UK to the tune of £127 million. This would lead to the creation of nearly 3,000 jobs in this country.

There was a round-table meeting on investment with Japanese business

leaders and a symposium on nuclear power, both of which Mr Cameron attended in person. He issued a strong message in which he envisaged a further rise in trade and investment flows in both directions. He also emphasised the importance he attached to the “rebalancing” of the British economy or the resurgence of the manufacturing sector, though not at the expense of the financial and services sectors. In this context Japan would be a perfect partner for the UK through an enhanced business relationship between the two countries.

(2) Japan-UK economic relations

In fact, although the British economy remains somewhat sluggish, UK-Japan cooperation in manufacturing, is quite buoyant led by the car industry. Around 1,300 Japanese companies have invested in the UK, creating in the process approximately 130,000 jobs. In order to further boost both the Japanese and British economies, the two countries agree on the importance of starting negotiations for a Japan-EU Economic Partnership Agreement. The EU is the world’s largest economic zone, while Japan ranks as the No. 3 economic power. A Japan-EU EPA could be expected to enhance trade and investment between the two sides even further.

The two leaders also agreed on a Japan-UK Framework on Civil Nuclear Co-operation. On the 4th and 5th of October, the first UK-Japan Nuclear Dialogue was held at the Ministry of Foreign Affairs in Japan. Japanese companies have technical prowess in constructing nuclear power stations, and the UK has experience and technology in the areas of decommissioning and waste management.

There would appear to be considerable potential synergies in this field. In the recent bidding for the construction of a nuclear power station at Wylfa in Wales and Oldbury in Cloucestershire, there were only two groups which submitted a bid, and both have major Japanese elements. One group

is Westinghouse, which is owned by Toshiba, and the other is led by Hitachi.

Another of Japan's strengths lies in infrastructure backed by high technology. When Prime Minister Cameron visited Japan, UKTI and the Japan Bank for International Cooperation (JBIC) signed an MOU for the purpose of promoting investment in the field of infrastructure from Japan to the United Kingdom. Investments in low-carbon energy generation and transportation projects are in the pipeline.

Hitachi has already signed a contract with the Department of Transport to provide train cars for the Intercity Express Programme (IEP) for use on the main lines, including the one between London and Edinburgh, and also plans to establish a factory in County Durham. Meanwhile, in Scotland, Mitsubishi Heavy Industries has established a research and development hub for offshore wind power generation.

(3) Development of defence exchange

The two Prime Ministers also agreed on breakthrough co-operation in the defence and security arena. This would involve creating new frameworks for the upgrading of intelligence sharing, including a (government-to-government information security agreement) and more frequent military interaction. But most notable was the agreement to work toward the future joint development and co-production of defence and security equipment, which was made possible by a recent epoch-making decision by the Noda administration to relax Japan's long-standing arms export restrictions.

Japan is now ready to participate in international co-operation in the development and production of defence equipment with friends other than the United States. The UK will hopefully become the first of such partners. This summit-level initiative was successfully followed up by the memorandum on bilateral defence co-operation signed by both countries' defence ministers in June.

As an example of such co-operation, Japanese Self-Defense Forces aircraft participated for the first time in the Royal International Air Tattoo in July. This represented a step towards developing closer military ties with the UK. Last month, Japan also dispatched two minesweepers to an international mine countermeasures exercise in the Gulf, in which both the Japanese Self-Defense Forces and the Royal Navy displayed excellent interoperability as they showed their commitment to supporting maritime security and keeping vital sea lanes open for trade.

Moreover, in just a few weeks' time, the Royal United Services Institute (RUSI), one of the most prominent British think-tanks in the defence and security field, will open an Office in Tokyo. This will foster intellectual interaction between Japan and the UK in this important field. Now and for the future, our two countries intend to work together to expand our defence co-operation so as to be able to adapt more readily to the new and uncertain international environment.

Japan and the UK are committed to promoting global prosperity and security, based on the shared values of democracy, the rule of law, human rights and the market economy. Our two countries concur on our joint responsibility to meet the pressing global challenges that face us.

The convergence of our views is graphically illustrated in voting patterns in the United Nations General Assembly. Japan and the UK vote the same way with remarkable frequency – over 95 per cent, in fact more often than either country does with the US.

That is why our leaders confirmed the distinctive importance of the leading strategic partnership that exists between us as the two countries regard each other as their most important partners in Asia and Europe, respectively.

Furthermore, Japan and the UK have been working together on a wide range of pressing global issues such as security in Afghanistan, UN Security Council reform, ODA in Africa, anti-piracy operations off the coast of Somalia and peace in the Middle East, as well as nuclear safety and non-proliferation. In the coming years, we will continue to work

together for the peace and prosperity of our own countries and regions as well as that of the international community as a whole.

In this context, as the host country of the Tokyo Conference on Afghanistan held in Tokyo this July, we very much appreciate the leadership of the UK, which has agreed to host the next ministerial review meeting in 2014. This is the latest example of our close partnership in tackling global and regional challenges. Japan looks forward to co-operating with the UK for the success of the next meeting.

(4) African Development

In 2013, the UK will host the G8 Summit. Japan, for its part, will host the fifth Tokyo International Conference on African Development (TICAD) in June. The UK's hosting of G8 occurs once every eight years, while the Japan-led TICAD is held every five years. So this concurrence can take place only once in forty years. We should take this rare opportunity to synchronize and combine our best efforts and co-lead the international community in tackling the most challenging task of development in Africa.

At the annual conference of the UK-Japan 21st Century Group, the British-Japanese wise men agreed on the need for the two countries to accelerate co-operation on the development of Africa. As part of such efforts, we are planning to hold a Workshop on Private Investment and Development in Africa for the British and Japanese Private Sectors on the 18th of October. It is based on our shared conviction that economic development can be made sustainable only when a constant inflow of capital and technology is ensured by the private sector.

(5) Co-operation in medical science

As I mentioned earlier, the recent Nobel Prize was won by British and Japanese researchers together. This, we could say, is already a good example of Japan-UK co-operation, and we sincerely hope such collaboration will continue in the medical sciences, reflecting the ongoing leadership of Japan and the UK in fields such as brain science and health

science.

4 Japan-Scotland relations

(1) Japan-Scotland economic ties

Let us now look at Japan-Scotland ties.

There are forty-two Japanese companies here in Scotland, having created 4,600 jobs. Many of them have manufacturing operations. Some are engaged in joint research and development in high-technology areas such as pharmaceuticals and cutting-edge engineering. I have had the pleasure of visiting two of them this time. There have been some cases of new investment. For example, in February 2011 Kyowa Hakko Kirin purchased the pharmaceutical company ProStrakan, and in March the same year Itochu acquired the car-parts supplier and tyre fitter Kwik-Fit.

There have also been cases of new investment in the renewable energy and life science arenas. For instance, Mitsubishi Heavy Industries has announced the purchase of Artemis Intelligent Power, a Scottish company involved in renewable energy. Meanwhile, some new research and development projects have been unveiled.

(2) The “Choshu Five”

In fact, such Japan-Scotland cooperation in the industrial arena dates back to the 19th century. Back then, there was a group of five young Japanese men who came from the Choshu clan of Western Japan, currently Yamaguchi Prefecture, to study in the UK. Notable members of the so called “Choshu Five” included the men who were to become our first Prime Minister, Hirobumi Ito, and our first Foreign Minister, Kaoru Inoue.

Jardine Matheson and Co, established by Scottish doctor William Jardine and James Matheson, played an important role in bringing them to the UK. Their passage from Japan was facilitated by William Keswick, who was a nephew of William Jardine and had opened the Yokohama

branch of the company, while James Matheson's nephew Hugh supported them during their stay in the UK.

One of those young men, Yozo Yamao, after his studies at UCL, London, came to Glasgow to learn shipbuilding. He lived in Glasgow between 1866 and 1868 and worked for Napier's shipyard on the Clyde. At the same time he attended evening classes at Anderson's College, which is now the University of Strathclyde. After his return to Japan, he joined the Meiji Government and applied his knowledge from the UK by establishing the Ministry of Engineering in the Government of creating its Faculty of Engineering in what is now Tokyo University. Therefore he later became known as "the Father of Japanese Engineering". In this sense the UK including Scotland can be deemed as the Grandfather of Japanese Engineering.

What Yamao brought back to Japan was not only engineering technology itself. He is actually the father of education for people with disabilities in Japan, too. He was impressed to note that some people with aural and oral handicaps employed at Napier's shipyard displayed just as much ability as the other workers there through sign language. Although the Meiji Government had a huge "to do" list, because of Yamao's passion on the subject education for people with disabilities started in the early Meiji years.

Yamao also learned how important it was to develop human resources through his days overseas and he tried to realise two plans: the establishment of an engineering school and the sending of students abroad. Some argued: "Japan at this moment doesn't have any industry, so what does it mean to develop human resources for that purpose when we are not ready?"

However, Yamao's motto was: "Even without industry, if we nurture human resources, those people will themselves establish industry." (工業無くも人を作らば其の人工業を見出すべし) . Such a spirit helped Japan's development enormously, and the importance of "human resources" has not changed since then.

Next year, 2013, will mark the 150th anniversary of the arrival in the UK of the “Choshu Five”. Since I am from Yamaguchi Prefecture, this story resonates with me, and I look forward to celebrating the anniversary next year.

I hope and believe this will give us an opportunity to look into the importance of human resources once again, as well as to develop the Japan-UK and Japan-Scotland relationships even further.

Thank you very much.