

BANQUE DE FRANCE – BANK OF JAPAN: CONVERGING VIEWS

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Opening speeches

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I am delighted to be here with you today, at the invitation of the Banque de France and the Bank of Japan, and I wholeheartedly thank both institutions for marking the start of 2008, the 150th anniversary of Franco-Japanese diplomatic and economic relations, by this remarkable symposium.

As Governors Noyer and Fukui have just pointed out, close ties between the Banque de France and the Bank of Japan started in the end of the 19th century when the Bank of Japan was established. These ties have been maintained and even strengthened, with both banks making major contributions to the economic and financial development of these two countries' as well as to that of the rest of the world.

The Governors have already discussed the past and future Franco-Japanese financial co-operation, so I would like to take advantage of this opportunity to very briefly consider, in a general manner, the importance of relations between our two countries and, in particular, the need to reinforce them. I wish to focus on three aspects.

First, I wish to recall that, as democratic and developed countries, Japan and Western European countries are generally faced with the same problems.

In particular, our nations must address the challenge of globalisation, learn to live in a competition-based world and do so successfully. We must therefore reform our economic and social systems in order to adapt them to the requirements of our current environment, while ensuring that welfare needs are met.

At present, Japan is undergoing a period of political transition in which public opinion and political parties are divided, especially with regard to the question of defining a balance between competitiveness and welfare. This issue is common to all developed countries, irrespective of differences in political cultures. In Japan, this subject has become one of the major topics of debate since the coalition government suffered a resounding defeat in the July 2007 senatorial elections. This was due in particular to the fact that there is a growing gap between large cities and rural areas, large companies and SMEs and the rich and the poor and that this gap is itself considered to stem from the liberal reforms of the Koizumi government.

Another point that Japan has in common with France and other European countries is the will to reconcile different political positions in accordance with universal values such as democracy and the rule of law. This is not the case in most countries.

Furthermore, Japan and European nations, like all democratic free market economies, wish to be part of an open international system. This is why we are working together in areas such as aid to developing countries, the resolution of regional conflicts, the fight against terrorism and the proliferation of nuclear weapons, the reform of the United Nations Security Council, international trade negotiations, etc.

Lastly, France and Japan have a shared interest: our commitment to upholding cultural diversity, while attempting to adapt to globalisation. Japan and France do not want a uniform world.

All these highlight the importance of dialogue and co-operation between France and Japan.

Second, I wish to recall the current state of Franco-Japanese relations. Both countries have formed close ties throughout the course of history. Above all, this has been the case since the middle of the 19th century, i.e. since the start of Japan's modernisation process. Japan drew on France in areas such as political thought, the Civil Code, the military system and industry. Without the assistance of France, Japan's modernisation would probably not have been the same. Conversely, Japan has contributed, albeit modestly, to enriching French culture. It is well known that Japanese arts had a major influence on culture in France at the end of the 19th and start of the 20th centuries.

Today, bilateral relations have become both more intense and more balanced. For instance, 361 Japanese companies have set up in France and 450 French companies are established in Japan. The alliance between Renault and Nissan, and the opening of a Toyota factory in France are good examples of this. In terms of foreign direct investment in Japan, France ranks third after the United States and the Netherlands. Japan is France's second non-European investor after the United States.

In the field of sciences and technology, co-operation is particularly intense thanks to the nuclear sector. The remarkable collaboration to construct the nuclear waste reprocessing plant in Rokkasho-Mura in the north of Japan was followed by a joint-venture between Mitsubishi Heavy Industries and Areva to develop a third-generation nuclear reactor. The co-operation between France and Japan forms the core of the international thermonuclear experimental reactor (ITER) project that is currently underway.

In the area of culture, our two countries are starting to influence one another at the grassroots level, whereas previously cultural exchanges were limited to certain elites, artists and those interested in the exotic. In France, Japanese cuisine is already a part of everyday life. Japanese pop culture is appreciated by French youth, and the Japanese cultural centre (MCJP) in Paris, located near the Eiffel Tower, has permanent Japanese art exhibitions. It is one of the largest Japanese cultural centres outside Japan. The Japanese, for their part, are extremely keen on French art. In 2007, exhibitions of the Musée d'Orsay and the Pompidou Centre in major Japanese cities have been immensely successful.

Third, I would like to stress the need to give fresh momentum to bilateral relations. Despite the developments over the past few decades, relations between France and Japan still fall short of expectations, above all if we consider the economic and political weight of our two nations on the international scene. These ties are also insufficient with respect to both the common values that unite us and the challenges we face. Political dialogue leaves to be desired. Furthermore, Japan accounts for only 1.6% of French exports and 1.7% of its imports. France accounts for only 1.2% of Japanese exports and 1.6% of its imports. These figures therefore reflect a certain weakness in trade. There are many potentially promising areas that we should promote if we wish to establish a true partnership between our two countries such as environmental and technological projects, industrial clusters, exchanges between young people or local authorities, higher education, the teaching of Japanese and French, etc. Needless to say, nuclear energy will continue to be our key area of collaboration.

I firmly believe that Japan can and must be France's privileged partner in its Asian policies. Japan is one of the few developed and democratic countries in Asia that shares universal values with France. At a time when Asia is undergoing deep-seated changes, due mainly to its economic dynamism and the emergence of China and India, the partnership between our two countries could contribute to Asia's stability and prosperity. For example, we could work together to encourage China to join forces with other nations in the protection of the environment and intellectual property, the provision of aid to African countries and the access to commodities.

This year marks the 150th anniversary of Franco-Japanese diplomatic and economic relations. We hope that it will be an opportunity not only to celebrate our long-standing friendship through organised events, but also that it will be a new starting point for establishing a programme of medium and long-term actions to strengthen the existing ties.

Thank you for your attention.