

Lecture of Ambassador Takeda in front of the Atlantic Club

Japan & Bulgaria: A Partnership for the Future

Mr. Passy, Chairman of the Parliamentary Committee on Foreign Policy,
Mr. Ivanov, Chairman of the Atlantic Club,

Dear Guests,

Thank you for inviting me to speak at the Atlantic Club in the year of the 50th Anniversary of re-establishment of Japanese –Bulgarian Diplomatic relations. It is my pleasure to talk and to share my view on the present and future of Japanese –Bulgarian relations and bilateral partnership.

One year and a half have passed since I arrived to Bulgaria and I am really glad of being posted here.

After my assignment as Ambassador of Japan to Bulgaria in September 2007, I've met not only Bulgarian leaders in Sofia, but also many fellows in various other cities and was able to feel amicable and warm feelings of Bulgarians to Japan and Japanese people. I would like to express my respect to the people contributing with their efforts to the development of Japanese – Bulgarian bilateral relations. As Ambassador of Japan to Bulgaria I would make my best for further promotion of bilateral ties between Japan and Bulgaria as new EU members-state.

Since 1991 the economic and technical assistance has been taking an important role for promotion of the relations between Japan and Bulgaria. During the transition period Japan's assistance has reached to approx. 1 billion EURO.

Since Bulgaria's accession to the EU in 2007 and the fact that the country is no any longer on OECD/ DAC Recipients' List, Japanese economic assistance should be downsized. Therefore, Japanese – Bulgarian relations should be entering into a new phase where private initiative plays more significant role.

Today I take this opportunity to look back at the past development of bilateral relations and to express my view on their future, particularly on intensification of economic cooperation and importance of cultural exchange.

I. Bilateral diplomatic and multilateral relations

But first, I would speak about the overall aspect of the bilateral and multilateral relations. The intensified reciprocal visits such as the visit of then Foreign Minister Aso, currently PM of Japan, to Bulgaria two years ago, the visit of DMP and Minister of Foreign Affairs of Bulgaria Kalfin to Japan in the fall of 2007, the official visit of President Parvanov to Japan in January this year and upcoming visit of Their Highnesses Prince and Princess Akishino to Bulgaria in May, positively impact the bilateral ties.

During the Summit meeting, Premier Aso and President Parvanov confirmed that there has been active interaction in political, economical and cultural exchanges, and the two countries shared values such as democracy and market economy. Both sides expressed their wish to intensify the trade and investments and enhanced partnership in the areas such as climate change, promoting Balkans and Black Sea toward peace and prosperity in the region. They also agreed to strengthen the bilateral cooperation in development assistance to third countries of mutual interest.

On the ground of excellent bilateral relations, as strategic partners, sharing common universal values, we could enhance our cooperation concerning global issues at the multilateral stage. Referred to the assistance under Japan-EU and Japan-NATO relations, I will focus your attention later on, if I have time. And now when Japan is non-permanent member of UN Security Council, and we are strongly supported by Bulgarian Government, we would like to make every effort for early realization of the UN Security Council Reforms.

II. Economic Cooperation Achievements: Contributing Bulgarian efforts toward democracy and market economy

Now let me explain briefly the Japanese economic cooperation during Bulgarian transition toward democracy and market economy. First, we provided loans and grants under ODA scheme for economic and social infrastructures' development projects. Also through JICA (Japan International Cooperation Agency) we extended technical cooperation as transferring technological skills to Bulgarians for capacity building.

In 2006 by Japanese Governmental loans completed Bourgas Port Expansion project and at present is continuing the construction of the extension of Sofia metro. Recently thanks to financing of 250 million EURO has started the New Project for Container Terminals Development at the Ports of Varna and Bourgas. At the time of completion around 2015, the containers capacity at ports of Varna and Bourgas are expected to increase 4 and 15 folds respectively. The project highlights important geographical position of Bulgaria as southeast gate of the EU via Black Sea toward Near East and Asia.

Under JICA technical cooperation, 842 Bulgarians were trained at Japanese training courses in various fields, 243 Japanese experts and 245 Japanese Overseas Volunteers were dispatched to Bulgaria in support of transfer of technologies and know-how, capacity and state building. Japanese experts conducted here feasibility study and made recommendation for improvement of railway, water resources management, etc. Through dispatch of Japanese specialists were realized technical cooperation for dairy products development, human resources development in business sector, regional development through promotion of tourism and many others.

Japanese Government provided grant for construction of purification station for Sofia waste waters, followed by emergency humanitarian aid for overcoming flood damages in the summer of 2005. In addition, local self-governments, schools, hospitals, orphan homes, homes for elderly and disabled people received grants for repair and social improvement projects. Thus way, under the Grant Aid Program for Grassroots Projects, Embassy of Japan was able to respond directly, without mediation of central

government, to the urgent needs of recipients for realization of projects with visible results in short term.

I am glad that our support contributed to the economic growth of Bulgaria and the EU accession. All these projects are excellent symbol of Japanese-Bulgarian friendship, bringing closer the hearts of our two people.

(Present status of Japanese-Bulgarian cooperation and future forecasts)

Because of the reasons mentioned earlier now the role of Japanese economic and technical assistance to Bulgaria is coming to the end. The New Project for Container Terminal Development at Ports of Varna and Bourgas is the last large scale infrastructure project realized by Japanese loan under ODA. At the same time Bulgaria's office of JICA is closing finally at the end of March that is next Tuesday.

Of course, the Grant Aid Program for Grassroots Projects, directly supporting socially vulnerable layers will continue in the future. Despite of economic growth at macro level, the needs for development of healthcare, education, social welfare sectors in particular in the countryside are still significant, and Grant Aid Program for Grassroots Projects oriented toward improvement of basic education and medical care facilities will continue.

III. Economic Ties and Promotion of FDI

After the economic assistance is ending its mission what we have to do to make bilateral ties stretcher and more mutually beneficial and creative? To answer to this question, I would say one of keys is economic cooperation, particularly the promotion of Japanese investments which could be highly contributive to Bulgarian society. In the recent years we witness successful examples of Japanese investments in the sectors of renewable energy, automotive parts and medical care, contributing to overall economic development of the country. However, level of investments from Japan is far lower than it should be.

(Intensive Exchange of Information for Attracting FDI)

My impression from the talks with representatives of economic circles in Japan regrettably is that most of them are not familiar with the advantageous investment climate of Bulgaria, including 10% corporate and income tax and other favourable measure for attracting the investments here. Last year, based on my recommendation, Invest Bulgaria Agency together with JETRO (Japan External Trade Organization) organized in Dusseldorf, Bulgarian Investment Seminar for Japanese Investors, attended by large number of businessmen and highly evaluated by the participants. May be some of you wonder why the seminar was in Dusseldorf. In Dusseldorf are located nearly 500 Japanese companies, something like our European base. Over 60% of them are manufacturers, creating jobs for 23 000 people. I think similar seminars should be organized in other strategic places such as London, Vienna, etc. to acquaint Japanese business representatives with updated information about Bulgarian investment climate in the future.

During the visit of President Parvanov to Japan in January, the DPM and Minister of Foreign Affairs Kalfin introduced Bulgarian investment climate to the leaders of Japanese business circles. Same activity should continue to be conducted eagerly in Tokyo.

The Ministry of Economy and Energy choose Tokyo as strategic site for promotion of investments and I highly evaluate the timely decision to establish representative office of Invest Bulgaria Agency in our capital Tokyo. The Japanese Government will support the idea strongly. I would like to give you a good example with Czech Republic. They've opened representative office of the Investment Agency in Tokyo. As result of their activities for attracting investments, they succeeded in inviting more than 200 Japanese companies contributing to the economic development of the country.

(Impact of financial and economic crisis)

On the other hand, 4 countries of Vishegrad group, including Czech, Hungary, Poland and Slovak, face some difficulties as high labour cost and insufficient qualified human resource. That means that flow of investments

could be reoriented to Bulgaria and Romania as EU regular members accessed in 2007.

Of course, influence of financial crisis over the world is significant. In Japan in Q4 of 2008 we've recorded 3.3% negative growth. This year in January the trade deficit mounted to 950 billion yen or 8 billion EURO, the economic situation rapidly deteriorates. Due to worsening of economic and financial situation in the world the risk of long-term economic recession becomes real. Our Government introduced anti-crisis measures of 75 trillion yen or 625 billion EURO and makes utmost efforts to find driving force for economic recovery of Japan.

Under such circumstances, it would be difficult in short term perspective to realize such investments elsewhere in the world as in the past. However, in view of the close economic relations between Japan and Europe, from long term perspective this trend would not change. Therefore, sustained efforts, accompanied by improvement of investment environment in the country and expansion of information channels abroad will be the key to attract Japanese investments in Bulgaria prior to other countries of Central & East Europe when the global economy reverse.

(Advantage of Japanese Investments)

Main characteristic of the Japanese companies is their substantial participation in the economy of the host country and establishment of long-term cooperation. For example, Automaker "Suzuki" penetrated in Hungary in early 90es and at present is the core of Hungarian industry, contributing to its export and producing 1% of the national GDP. How much Bulgaria attracts Japanese investments is extremely important in order to deepen the economic ties between the two countries. In this regard the assistance of governmental structures is crucially important for Japanese investors' decision making process. In case of Bulgaria, more efficient bureaucratic procedures, transparency and predictability as well as strengthening the authority of Invest Bulgaria Agency are strongly required. Regardless of low labour cost and preferential tax system, the time and cost consuming bureaucratic procedures eliminate the merit of advantages and have negative impact. On the contrary, the lack of transparency and low predictability

make it unable to make business plans. I would recommend strongly Bulgarian Government to take under consideration these important factors.

(Perspective Sectors in the Future)

Under the current economic situation, one of the sectors with potentials for Japanese investments is renewable energy. The attractiveness of domestic market has been rapidly increased since Bulgaria amended Renewable & Energy Sources and Biofuel Act last year and extended the period which the government will purchase electricity generated by Solar, Wind and other sources. The guaranteed period for purchase of solar energy changed from 12 to 25 years. In fact, couples of Japanese companies seriously consider large scale investments in the sector. Under the global crisis, renewable energy sector is one of the most desired sectors for foreign investments. I hope these projects will find realization in the near future.

In midterm perspective, similar to Czech Republic, Hungary and Poland, how Bulgaria could attract Japanese companies, mainly automotive, electronic and electrical manufacturers is the key of success. In particular in automotive sector, due to the fact that one car consists of over 30 000 parts, it has vast and diversified range with significant effect on employment and spread of technology in vast areas. For example in the early 80es, in line with governmental policy then Prime Minister Thatcher invited Japanese automotive manufacturer “Nissan” in Northeast England to revive English economy and “Nissan” contributed greatly to its economic recovery. Similar idea of attracting car assembling plant in Bulgaria as part of governmental policy deserves consideration. Autoparts manufacturers gather near assembling plants, but here in Bulgaria you don’t have such. I think, assembly plant would be the key to promote the automotive industry here.

Bulgaria is the east gate of the EU. Located in the center of Balkans it is an important corridor, connecting West Europe with Asia, Russia and Middle East. In the process of globalization of world economy, the important geopolitical position makes Bulgaria more attractive. Construction of vertical integrated industries in a country from upstream to downstream is difficult. The main stream is the international division of industries. Therefore, Bulgaria is in position to supply commodities and services to different regions and to facilitate supplies from the world to the

European markets. Your country should display the advantageous of its position most satisfactorily. In any case, the development of good infrastructure network is indispensable condition for displaying the potentials. I know at present Bulgarian Government is promoting the efforts for development and improvement of social infrastructures. One is the ongoing project for the new container terminals at the ports of Varna and Bourgas and I am glad we could provide support in the sector.

IV. CULTURE

(Importance of Cultural Exchange)

Now, I would like to take another important aspect of our relationship. Japan and Bulgaria have long historical background with many things in common, including unique cultures. Both nations preserve carefully traditions. For that reason they have always been sharing strong feelings about each other.

In this sense, cultural exchange has always been playing important role for promotion of Japanese-Bulgarian bilateral ties that, I hope, will continue in the future.

(Introducing Bulgarian culture in Japan)

Let me touch upon Bulgarian cultural events introduced in Japan. In 1967, with the assistance of former President of Tokai University Prof. Shigeyoshi Matsumae, the Children's Choir of Bulgarian National Radio of Academician Hristo Nedyalkov went for the first time to a concert tour in Japan and received high evaluation as "Angels' Voices". Till now the Choir went 18 times to Japan.

On the occasion of the jubilee year of the 50th Anniversary, "The Thracian Treasures" Exhibition came back to Japan again with the Golden masque and the newest archaeological discoveries in the recent years. As many as 50 000 visitors are expected to see the exhibition that enjoys increasing popularity.

In Japan, Bulgaria is famous with its tradition in music, especially in vocaling. The National Opera of Bulgaria has visited Japan for a month and a half last October with operas “Turandot” and “Masques’ Ball” which ended with a great success. The folklore vocalic group “Cosmic Voices” also will have several concerts in Tokyo in coming June.

(Introducing Japan in Bulgaria)

On the other hand in Bulgaria even in 70es, under the different political systems, Japanese drums “Wadaiko”, some movies of Akira Kurosawa like “Rashomon” was very popular.

In 1990, just in the peak of the social turbulence, the Embassy of Japan in Bulgaria opened for the first time “The Days of Japanese Culture” in response to Bulgarian admirers and hopes for the future. Since then the Days of Japanese Culture take place every year as traditional event in the autumn here. This year they will be presented for 20th year in succession with comprehensive program. The opening of the 20th Days of Japanese Culture is scheduled in September by big exhibition of Japanese Martial Arts in the National Foreign Arts Gallery. Japanese performers of harp and flute will have a joint concert with Sofia Quartet as one of the highlights of this year cultural calendar. Furthermore we expect guests from Japan who will introduce Japanese traditional dances, puppets and others.

(Cultural Assistance)

During the period of transition Japan supported preservation of Bulgarian cultural heritage. Unique Bulgarian culture with roots originating in Bulgarian history and traditions of thousands of years belong to the world mankind. Japan supported financially 23 cultural projects of national importance. Among them are important cultural heritages like Boyana Church, the Thracian Tomb in Alexandrovo, famous cultural institutions as National Palace of Culture, Sofia Philharmonic Orchestra and many others. The total grant aid is 6.5 million EURO. In addition, in 2003, UNESCO/Japan Trust Fund provided 1 million USD for conservation and restoration of several houses from the époque of Bulgarian Renaissance of 19 century in the “Ancient Plovdiv”.

(Japanese Language Education)

Japanese language education in Bulgaria is one of the stimulating factors for development of bilateral ties. In 1990 at Sofia University was established first in the country department of Japanese language studies and 3 years later education in Japanese language was introduced at Veliko Tarnovo University. In 1992 18th School of General Education “William Gladstone” in Sofia implemented for the first time in Europe Japanese language in the primary and secondary school. It was followed by dispatch of Japanese Volunteers teaching Japanese language in different parts of your country. In the last 5 years number of students learning Japanese increased 3 times reaching 850 people.

In the last 17 years, 381 scholarships from Bulgaria went to study in Japan. The exchange of scientists, researchers and students between Japanese and Bulgarian Universities and Academic Institutions that has started in the previous socialist regime is still continuing. Most of them occupy leading positions in particular areas upon return to the country.

(Intensification of human exchange at civil and private level)

As for the grassroots, cooperation and exchange, Tea Ceremony Club and Ikebana (Flowers Arrangement) Club, as well as various Japanese martial arts clubs of judo, kendo, aikido and karate perform intensive activities and enjoy increasing popularity here.

In Japan Bulgaria is becoming more familiar in recent years. Every year during the Rose Festival more than 2000 Japanese tourists visit Bulgaria. Moreover, the achievements of Kotooshu in the professional Sumo League in Japan is contributing for increasing popularity of sumo in Japan. During the National Sumo Tournament in May last year Kotooshu won the Cup of Emperor and his name was listed in Sumo history as the first European bearer of the Cup.

Furthermore, Plovdiv and city of Okayama concluded sisters-towns relations during socialism and maintain ties till now.

Kazanlak and Fukuyama city famous for their roses maintain long-term exchange and every year Queen Rose of Kazanlak visits Fukuyama Rose Festival. Last year the Municipality of Sofia and Hodogaya ward of

Yokohama city, second largest city in Japan, signed Partnership Agreement in Culture, Education and Sports that started by exchange of students.

(New sprouts of cultural exchange)

After Bulgaria's accession to the EU, we count on and support the initiatives of people who learn Japanese language or make studies on Japan as well as research fellows and scientists, conducting joint projects with Japanese counterparts to further promote bilateral ties.

It is my pleasure to announce that even after completion of JICA activities here, the Japanese Government will continue dispatching Japan Culture Volunteers as Japanese language teachers under a new scheme agreed upon the two countries last year. The volunteers started teaching Japanese language in Sofia, Veliko Tarnovo, Rousse and Svishtov from January this year. In response to the great interest of Bulgarians they will also popularize our culture and traditions in other cities. I am convinced this new scheme of cooperation between the two countries is a solid fundament of our bilateral relations.

V. Epilogue

Now let me summarize my remarks on bilateral relations between the two nations.

Japan and Bulgaria maintained close relations within long years. Now after Bulgaria's accession to the EU and change of circumstances among the two nations, we are entering into a new stage of bilateral relations.

I would like to assure you that the Japanese Government will continue its efforts to diversify the channels of cooperation and exchange in vast areas. However, our relations should be characterized as more multi-faceted and multi-layered where we will try to expand areas of cooperation including business, investments, science and technology, environment, etc.

We would also like to encourage more frequent interactivities between local governments, private entities, non-governmental organizations, academic institutions, etc. of both nations.

I am convinced our bilateral relations of cooperation and exchange in various different fields will strengthen further thanks to the efforts of both governments and people at all levels.

VI. Japan-EU Relations

Now I would like to focus briefly on the Japan-EU relations.

Last year in April, during the 17th Japan-EU Summit, the then Japanese Prime Minister Fukuda, Prime Minister of Slovenia Jansa in his capacity of EU Presiding country, and European Commission President Barroso expressed unanimous opinion for further strengthening of solidarity as strategic partners and importance to increase cooperation to cope with such global issues as climate change, world economy, WTO, African Development Issue, etc.

They've considered vast range of issues, including the situation in the region of East Asia, Afghanistan, Middle East. Particularly, they agreed to continue dialogue on guarantying security environment in East Asia.

Let me take quick look at Japan-EU economic relations. With a combined population of 620 million, Japan and EU compile less than 10% of the world's population, but over 40% of its GDP. In 2006, Japan is the EU's fifth major trade partner. On the other side, the EU is Japan's third major partner. Japan is ranked forth largest investor into the EU. Japan is ranked second for outward FDI flows in the EU.

In the sector of economy was decided both parties to establish business environment for further promotion of commerce and investments through dialogues for reforming of Japan-EU Regulative Framework and strengthening the cooperation in regulation field.

In the sector of industry, Policy Authorities of both parties made proposition to conduct Japan-EU Business Dialogue Round Table in order to strengthen mutual understanding among their industrial circles and to involve them in improvement of business environment and enhancement of investments for promotion of economic growth in Japan and the EU.

During the last summit, the debates for the Economic Cooperation Agreement (ECA) between Japan and the EU have been making progress and in July of 2008 Prime Ministers of Japan and the President of EU submitted propositions for the ECA.

The European Parliament has also played an important role in developing Japan-EU relations, notably through Japan-EU Inter-Parliamentary Meetings.

Through parliamentary dialogue, as being involved in making rules on global issues and others, Japan and EU build relations of close cooperation.

VII. Cooperation with NATO

Now I will talk about Japan-NATO relations.

A good example of NATO-Japan cooperation is observed in the case of Afghanistan.

At present the total amount in support of political process, reconstruction and public order in Afghanistan mounts to 1.4 billion USD. Among other activities, Japan, through NATO/ Partnership for Peace Trust Fund, is supported improvement of the ability of Afghanistan National Army for strengthening of control on ammunitions.

Japan in collaboration with NATO has started human security financial cooperation under the Grant Aid Program for Grassroots projects.

19 projects in the field of healthcare, education, professional qualification have been realized till present. Through Japanese contact persons designated to NATO Civilian missions we hope to accelerate the support with the assistance of NATO Provincial Reconstruction Teams (PRT).

The cooperation between Japan and NATO should enter into a new stage where further strengthening of the relations is needed.

We have plenty of room to share useful knowledge and experience for peace building, reconstruction supporting activities and disaster management.

The ministers of the Japanese cabinet, the Japanese governmental officials should conduct regular meetings with NATO counterparts, as taking active part in NATO related Assemblies concerning issues of common interest. It is inadmissible to waste efforts separately. It is necessary to work together.

We can only succeed in dealing with today's security challenges – whether they are nation-building or combating terrorism – by combining all our efforts. It is obvious that we cannot succeed with military forces alone.

For example, since the mid-1990s, Japan has played a most important role in the Balkans region. NATO helped to end the war in this volatile part of Southeast Europe, but it was Japanese assistance that played most significant role in winning the peace as well. Japan is willing to make its contribution to security and stability, not just in the Asia-Pacific region, but in the wider world as well.

What all this demonstrates is that, more and more, Japan and NATO have converging security interests, and are working together effectively to meet common objectives. And that makes Japan – the country in Asia with which NATO has the longest-standing relationship – a truly unique partner for the Alliance in contributing to global security.

For Japan, due to its constitutional restraint, the Self-Defense Forces cannot be part of any kind of collective defense arrangement.

However, despite this constraint Japan is moving proactively forward to shoulder its responsibilities in order to bring about more peace and security in the world.

In this context, we firmly believe that Japan and NATO have much to achieve together.