

The Future of Asia: Be Innovative

Excerpts from the Speech by Prime Minister Shinzo Abe
Delivered in Tokyo, May 21, 2015

Full text: http://japan.kantei.go.jp/97_abe/statement/201505/0521foaspeech.html



The year 2015. It is quite certain that this year will be a major turning point for the future of Asia. This is because the ASEAN Economic Community will finally be launched. This Asia will move forward in integrating their economies while embracing that diversity. That is a major challenge.

Many Asian countries achieved their independence after World War II. They also attained economic development that can properly even be called miraculous. Looking back on these 70 years of history, it was prosperity that was the seedbed for peace, and peace that gave rise to prosperity. Those are lessons that we share in common. In order to secure Asia's long-lasting peace and prosperity, we must create an economic zone that is free, fair, and dynamic. We share in common this goal at which we will take aim in the future.

We now stand at a historical crossroads. What future awaits us beyond Asian growth?

Asia must be innovative. We must use innovation to confront the issues that lie in store for us. Whether a blessing or a curse, Japan has grappled with the problem of energy constraints for many years as an island nation having only scarce resources. Having begun to face the issue of an aging population quite early on, we have also improved our medical services. Japan intends to share those technologies and experiences openhandedly with other Asian nations.

The reality of a graying society is certainly about to be near at hand in the countries of Asia as well. Already in various Asian countries, infectious diseases that had until recently been rampant vanished as societies became affluent, while diabetes, cancer, and other lifestyle-related diseases have become increasingly prevalent.

Naturally, the medical services that people want also need to change. The technology of medical instruments is constantly advancing. Moreover, it is also necessary to improve doctors' skills continually as they utilize these kinds of cutting-edge equipment. Japan intends to make its greatest possible efforts to raise Asia's healthcare standards into the future as well, using our experiences until now together with our technologies. Over the next five years, in the health and medical fields, Japan plans to assist in developing the capacity of 8,000 young people from around ASEAN.

We also need innovation in the field of energy. Japan refined its advanced technologies over the course of several decades after experiencing energy shocks and pollution. We are willing to share that experience and those technologies with Asia. We will help Asian countries to realize their energy strategies and contribute to technological development around Asia. In the energy field, over the next five years, Japan intends to move forward in developing human resources in Asia at a scale of 5,000 people.

And how about using coal, which we can rightly call Asia's resource, in a more efficient way? Japan has already achieved an efficiency significantly surpassing the world average by combusting coal at high temperatures. This Japanese technology would reduce greenhouse gas emissions by 1.5 billion tons per year just by spreading to the U.S., China, and India alone. In addition, efficiency jumps remarkably through the use of the latest technologies for the

combustion of gasified coal. By utilizing gasification technology, brown coal, which until now has been regarded as unfit for coal-fired thermal power, will become a promising resource. I would like to meet the expanding energy demand by together bringing about further innovations in the field of coal-fired thermal power, which is very distinctive to Asia.

But our quest for innovation will not stop at energy and medical care. Safe and highly reliable high-speed rail systems have the power to reshape the flow of people and goods dramatically. And advanced water treatment systems improve people's living environments tremendously.

Yes, it is innovation that will give rise to our future. Japan is ardent about sharing all around the world just such kinds of technologies and systems that are continuously undergoing evolution. In order to firmly ground in this Asia a mindset in which innovative things are chosen, Japan is determined to play a major role with regard to finance as well. We will launch a new mechanism that supplies funding for projects with a relatively higher risk profile through the Japan Bank for International Cooperation (JBIC). JBIC will actively take on short-term profit risk, thereby reforming the practice of asking local governments for guarantees.

We intend to actively make use of such funds in order to spread high-quality and innovative infrastructure throughout Asia, taking a long-term view. However, public funds alone are not enough to cover demand this large. Precisely to meet such great demand, we must think up a structure for getting a variety of funding from the private sector to flow more into Asia.

Launching this new initiative, Japan will, in collaboration with the ADB, provide Asia with innovative infrastructure financing at a scale of 110 billion dollars — 13 trillion yen equivalent — in total over five years.

The form of economic integration we aim to achieve must be something brimming with private-sector vitality that promotes various kinds of innovation. Excessive economic activity by the government sector must not elbow its way past the diverse ideas of the private sector. We must not create the so-called "bad money drives out good" type of market where counterfeit and pirated products displace advanced technologies, because we Asians respect and encourage innovations here. We should achieve our shared goals to create a dynamic economic zone where better goods and services are properly evaluated and further innovations are induced.

In Asia, shall we not work to create a fair and sustainable market that is not swayed by the arbitrary expectations of any country?

This year is also the 70th anniversary of the end of World War II. Together with feelings of deep remorse over the past war, Japan has told itself in the post-war era that it must make all-out efforts for the peace and prosperity of Asia.

Creating quality. That is the Japanese way of operating. Assistance from Japan is not one-sided. The Japanese live under the same roof as the local engineers, and they think and move forward together. Rather than simply bringing Japan's technologies into a country, we foster the people there and make the technologies well-established. This is how Japan operates.

Asia, with its ongoing dynamic growth, is no longer a recipient of assistance. It is instead our partner for growth. In this Asia, it is also a partner generating innovation. That's exactly why I believe that the Japanese way of operation is now much more suited to the Asian countries than ever. We create quality. And we think together and move forward together with the people of Asia.

From that, I am quite certain that we will be able to create marvelous innovations that enable us to resolve the various challenges that Asia is likely to face going forward.

There is only one key phrase for carving out the future of Asia: "Be innovative." Against that backdrop, Japan is ready to make its greatest possible efforts.