

**Date:** 18/09/2002

**Speech given by Minister of State for Foreign Affairs Mrs Annemie Neyts-Uyttebroeck at the Belgium-Japan Association and Chamber of Commerce**

SPEECH GIVEN BY THE MINISTER OF STATE FOR FOREIGN AFFAIRS, MRS. ANNEMIE NEYTS-UYTTEBROECK, AT THE BELGIUM JAPAN ASSOCIATION AND CHAMBER OF COMMERCE

Wednesday 18 September 2002, Brussels

Your Excellency,  
Mister President,  
Ladies and Gentlemen,  
Dear friends,

I am honoured and pleased to be given the opportunity again to address such a distinguished audience on as important a topic as the state of relations between Japan and Belgium.

Those of you who had the occasion to witness the opening game of the World Cup in Japan between Belgium and Japan and those who participated in the Belgian Life Style Gala Night that was organised in Tokyo the evening before the match in the Saitama stadium, can testify to the fact that both these events greatly contributed to a better and richer understanding of both our countries and to increase our mutual respect. I, for one, and I am sure that I am not the only one, can tell you that I was impressed by the skilful and dynamic performance of the Japanese national football team. Many of us were clinched to their seats until the very last second of the game. The very diplomatic outcome: 2-2, made it into a celebration of the friendship between our two countries.

The World Cup and Japan's extraordinary performance during the Cup, as well as the media events around it, have certainly changed the image of

Japan with the Belgian general public. SAITAMA, TAKAYUKI SUZUKI and JUNICHI IMAMOTO have now become almost household names in Belgium.

Before this match and the Gala Night, the image of Belgium with the Japanese general public was that of a small country, far away, renowned for its beer, chocolates and beautiful art cities such as Ghent, Bruges, Tournai, Brussels and Antwerp. Since June however, the football match and the surrounding events have improved and enriched our image in Japan.

As a celebration of mutual understanding and friendship between both our countries, the special mission organised for the World Cup event last June was a major success. As is always the case, success has many fathers and mothers, but the efforts made by the Belgium Japan Association have greatly contributed to it, as well as the appreciated sponsorship by major Belgian companies such as Interbrew and the enthusiastic response of the Belgian business community in participating in the Belgian Lifestyle Gala Night.

Both events took even greater significance because of the presence of Their Imperial Highnesses the Crown Prince and Princess and Their Royal Highnesses Prince Philippe and Princess Mathilde. The fact that at the opening ceremony of the football game, after the playing of the two national anthems, several jetplanes of the Japanese Air Defense Forces flew in a salute over the Saitama stadium, was widely commented in the Japanese press since such an honour had not been given since a very long time and as such was a clear sign of the respect and appreciation that Japan has for Belgium and our Royal Family.

Ladies and Gentlemen,

Japan is and remains by far our most important trading partner in Asia. In spite of a depressed world market, the level of commercial exchanges and investments with Asia remains very high. In 2001, Japan represented 1,04% of our exports and 1,09% of our imports. Japan is our 14th client and our 7th supplier. The trade balance is negative for Belgium and has continued to be so over the last years. Not that we consider this to be a major problem, as it can only encourage us to increase our efforts on the Japanese market.

As far as investments are concerned, Belgium represents 0,5% of the total Foreign Direct Investment in Japan. This seemingly small percentage represents a total amount of 27.5 billion Yen or 230 million USD. More than 50 Belgian enterprises are active on the Japanese market. And these figures do not yet take into account two fairly recent Belgian acquisitions in Japan: in the pharmaceutical sector, FUJIREBIO was taken over by UCB Japan and in the automotive sector, Solvay Automotive Japan took over Nissan Plastic Fuel Systems.

As far as Japanese investments in Belgium are concerned, some 250 Japanese companies are established in Belgium. Among them, no less than 50 have chosen Belgium to locate their European headquarters. This means that more Japanese companies have chosen to locate their European headquarters in Belgium than is the case for France, Germany or Holland. Only the UK performs better than Belgium in attracting headquarters.

Our neighbouring countries nevertheless perform better than we do in attracting Japanese investments: Japan represents 39.4% of Foreign Direct Investment in the UK, followed by the Netherlands with 5.7% and France and Germany with each 0.7% of their Foreign Direct Investment. In Europe, Germany is Japan's main client and the Netherlands is its main supplier. I can only quote the Ambassador of Japan to Belgium, H.E. Mr SATO who said in a speech: "Belgium is starting to become the focus of activities for Japanese businesses on the European continent" and hope with him that such a prospect finally comes through. Of course, the Ambassador knows that the growth of Japanese investments in Belgium is closely linked to the conclusion of a bilateral agreement on social security. Japan has already signed such agreements with the United Kingdom and Germany.

The desire to start negotiations on a social security agreement figured high on the agenda during the visit of Prime Minister Verhofstadt and myself to Japan in February 2001. Needless to say that such an agreement that covers the social contributions paid by Japanese firms in Belgium is of the utmost importance to the 250 Japanese companies and 5300 Japanese present in Belgium as well as to potential future Japanese investors. The Japanese

authorities have responded positively to our demand for such an agreement and have sent, last November, a delegation with representatives of the Ministries of Foreign Affairs and of Public Health and Social Affairs to Brussels in order to proceed with an evaluation of our respective social security systems.

My presence in Japan, at the occasion of the World Cup, gave me the opportunity to follow up on this important matter with the Senior Vice Minister MIYAJI of the Ministry of Health, Labour and Welfare. We agreed that a second round of consultations would take place in Tokyo during September. A Belgian delegation is due to leave to this effect on the 23rd of September. It is clear that the conclusion of an agreement on social security is in the interest of both Japanese and Belgian companies. Both the Japanese business community in Belgium and the Belgian business community in Japan have expressed their interests in such an agreement on several occasions. It is my sincere hope and wish that negotiations could be finalised quickly, in a period of 12 to 18 months after the start of the negotiations, so that a bilateral agreement could be concluded before the end of 2003.

On another matter, which is the export of Leonidas chocolates to Japan, I asked the Senior Vice Minister to examine favourably the request of the famous Belgian praline producer for a revision of the Food Sanitation Law. The Minister has assured me that he will closely follow-up on the discussions between Japanese and Belgian experts on this matter.

I also seized the opportunity of my presence in Japan, at the occasion of the World Cup, to discuss a number of bilateral issues with my colleague, the Japanese Minister of Agriculture.

Among other issues, I raised with the Japanese Minister the problem of the import of Belgian tomatoes in Japan. The visits of Japanese experts took place two years ago, in October 2000. The Minister assured me that the report of the experts was due to be delivered soon. Today, I can announce that the experts have delivered a positive research report during the month of August. This report is an important first step towards a solution to this problem. I am confident that the further necessary contacts between the

concerned Belgian and Japanese authorities will ultimately, within a reasonable period of time, lead towards the authorization to import Belgian tomatoes in Japan.

In discussions with Senior Vice Minister FURUYA of the Ministry of Trade and Commerce the important issues of multilateral trade and the WTO were discussed. Recent commercial differences with the United States on steel and agriculture prompt both our countries and the European Union to work more closely together on matters of multilateral trade and the WTO.

Ladies and Gentlemen,

It is true that during the last decades, the United States and the Asian neighbours of Japan retained much of Japan's economic and foreign policy and rightly so. However, the recent positive developments in the European Union of which the introduction of the euro is surely the most important one, and the perspective of an enlargement of the European Union in the very near future, have prompted Japan to develop a renewed interest in Europe and its development. It is therefore also to the credit of Belgium and especially to the Belgian Presidency of the European Union that a first EU-JAPAN Action Plan was signed during the EU-JAPAN summit that took place in Brussels on December 8, 2001. This Action Plan will deal with four major topics that are: Promoting Peace and Security, Strengthening Economic and Trade Partnerships, Coping with Global and Societal Challenges and Bringing together People and Cultures. This 10 year Action Plan is proof to the fact that our relations with Japan are strong. These relations play on every level, above all at the level of civil society. The relationship between the European Union and Japan could serve as an example: relations between the two entities spring principally from their societies, with companies, universities and other various organisations forming their core and the respective governments merely serving to provide a political and legal backdrop to their initiatives.

A first tangible result of Japan's renewed interest in Europe and especially in the euro could be noted in the last Report of the Central Bank of Japan. According to Japan's Central Bank, there is a clear tendency with Japanese

banks as well as Japanese customers to turn towards the euro. Over the last six months, Japan's 4 major banks have seen their deposits in USD diminish with 40 billion Yen (a reduction of 2%) in favour of deposits in euro that increased by a value of 170 billion Yen (an increase of 50%).

At the same time, we in Europe are perfectly aware that Asia holds the key to our future and our prospects of prosperity. The size of Asia, its geopolitical importance, its growth rate, the importance of security issues in the Pacific Ocean, make it a continent with a bright future. In short, Asia definitely deserves our close attention.

We are aware that the world's centre of gravity is shifting from the Atlantic to the Pacific and we do not have any problems with that. New poles, like China and India, are developing in leaps and bounds and taking their place at the highest level in the concert of nations, and that is a very good thing. Europe is also staking its place in a multi-polar world. Europe will remain a key, leading continent because of its economy, the extent of its integration, its level of culture and the development of its human capital. We are calling for a specific mode of development, namely that of capitalism with a human face. The fact that another continent - and one as important as Asia - is developing rapidly is something we can only applaud, also because the progress achieved will yield opportunities for us. So we intend to channel our full corporate capabilities and all our energies into Asia's development.

Ladies and Gentlemen,

As I said, Japan is and remains our most important political and economic partner in Asia and this in spite of the actual economic difficulties that Japan is experiencing. Let me just remind you that in the year 2000 Japan's GDP amounted to 4.768 billion euro, against 1080 billion euro for China and 458 billion euro for South Korea. Even if the Japanese economy would stagnate, it would take China 20 years with an economic growth of 8% per year to reach the level of GDP of Japan. In spite of the current economic difficulties, the slow growth and the bad loans, Japan's trade balance and balance of payments remains largely positive. Furthermore, Japan has the largest stock of currencies worldwide, worth 397 billion euro, and with a volume of savings

of 11,3 trillion euro or 250% of its GDP, it remains the country with the largest volume of savings in the world.

Ladies and Gentlemen,

At the kick-off of the World Cup, Japan was not rated a favourite, but soon we were to experience, and the Belgians were the first to do so, that Japan can show some extraordinary resolve. The football game, undoubtedly, brought both our countries closer together and I am sure that our mutual understanding and friendship will continue to create positive spin-offs in the economic and commercial fields so that one day, soon I hope, we can score equal as far as the trade balance is concerned.

I thank you for your kind attention.