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The Prospect of Japan-Croatian Cooperation

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It is my great pleasure to address to the Croatian readers. I started to work as Japanese Ambassador in Croatia since 27th January. It is my first time to work in Croatia and in the countries of former Yugoslavia as a whole. Now Croatia has very good image and is very popular destinations among Japanese tourists. Every year, several dozens of thousands of Japanese tourists visit Croatia. The Japanese tourists love to visit UNESCO world heritage, such as in Split, Dubrovnik and Plitvice. In the past six months, I have visited more than 20 places in Croatia, including all seven UNESCO world heritage sites and very much impressed by the rich history and beauty of Croatia. It is my great honor to tell the Japanese people that in Croatia there are so many beautiful places. In fact, when I was appointed as Ambassador to Croatia, all of my friends in Japan told me, “You are very lucky!” Also Croatian food and wine gives me special pleasure, as Croatia offers excellent fish cuisine. The Japanese are most fond of fresh fish. I was never disappointed by fish dish offered by Croatian restaurants.

After working for six months in Zagreb, I started to understand and admire great achievement of Croatia in its transformation to democracy and fighting against corruption. I full-heartedly congratulate Croatia’s joining the EU one year ago. I am most happy to say that now Japan and Croatia can and should open new pages to develop our cooperation based on shared common value, that is, democracy, rule of law, human rights, transparent

society and common interests to defend our security and promote economic prosperity.

At the same time, I came to notice that there are various legacies of the past in today's Croatia, that is, notably, legacy of Communism past and consequences of the Homeland War. I had a chance to work in Moscow and Beijing in the past in my diplomatic career and leaned both achievements and challenges of transition from one system to another system. It is not easy to preserve the good points of the past regime. Strength and merits of the past regime can be easily lost or fragmented. Also it is sometimes not easy to completely get rid of problematic features of the past.

Of course I noticed, with great pleasure, that the Japanese business people found great merits of Croatian people and society, preserved from the past. That is existence of capable, responsible and high-skilled workers. I strongly believe that Croatia should be proud of this feature and develop this great merit for the future. For example, Japanese company *Yazaki* established research and development Center in Zagreb and about 90 capable Croatian technicians are working to develop parts for automobiles. *Yazaki* is world-wide famous company to produce parts of automobiles. *Yazaki* has established excellent cooperation with Zagreb University and graduates of Zagreb University are happy to work in this Center. Another example is that three major Japanese shipping companies, that is, *NYK (Nippon Yusen)*, *Shosen Mitsui* and *K-Line* hires several hundreds of Croatian officers (Captains etc) for their ships. Both Japan and Croatia have long tradition to live together with the ocean. So, both countries have mutual respect to the good experiences of others to work with the ocean. As I mentioned in the beginning, Croatia has excellent tradition to produce good fish. Based on this tradition and cooperation of the Japanese business, now Croatia exports a lot of tuna to Japan. More than 70 % of Croatian export to Japan is tuna. Here I am amused to say that difference of culture is not a source of problems, but it is source of harmony and mutual benefit. As Japanese love tuna, but Croats do not love so much tuna. So it is win-win relations that Croatia exports tuna to Japan. But I must hasten to add that now Japanese cuisine became more and more popular in Croatia and only in the past one year, I know that new Japanese restaurants appeared in Zagreb,

Split and Dubrovnik. In order to provide good Japanese cuisine, of course, it is necessary to invite good cooks from Japan. So I wish kind support from the Croatian authorities to get work permit for them.

It is well known fact that Japanese foreign direct investment and transfer of technology to the world are very important elements to help and support economic development of many countries. East Asian and South-East Asian countries benefited a lot from Japanese capital and technology. For example, in the People's Republic of China, more than 9 million Chinese people are working for the Japanese companies and factories, which were established in China. Can you imagine that so many people as more than double of whole Croatian population are working for Japanese companies in China!

It is true that so far Japanese foreign direct investment to Croatia is not so big. There are several reasons. First, unfortunately Croatia was late to start to invite Foreign direct investment in comparison with other East European countries. Japanese companies made already a lot of investment in Poland, Czech Republic, Hungary, Rumania, etc. Second, Japanese companies are very good at producing competitive products, such as cars, electric products, using local competitive work force, and then export them abroad. When I say here "competitive work force", it means low-price labor forces, not experienced. In this regards, Croatian labor forces are not low-price. To my great regret, there is widely accepted perception, and it is based on some supporting evidences, that burden on business in Croatia is rather heavy in comparison with neighboring countries. I am most happy to work to change this situation in cooperation with Croatian friends. Third, when the Japanese companies make investment and make mass-production of something in the foreign countries, they then export them to other countries. In this respect, Croatian Kuna is over-valued and does not present favorable condition to the Japanese exporters. Markets in Croatia is small, so Japanese producers need to export their product form Croatia. But I know that there is no prospect of big depreciation of Kuna in the future.

All these matters tell us that we need to make innovative approaches

to promote Japan-Croatian economic relations. As a matter of fact, all success stories, such as Yazaki, officers of shipping companies, tuna-business, were precious results of innovative approaches by the Japanese business people. All related Japanese business people have already plenty of experiences and know-hows to do business in all over the world. Only with those tremendous experiences, they could reach Croatia and started their business with Croats.

Now I wish to point out our possible cooperation projects for the future. That is in the area of **power generation**. There are several Japanese companies which have rich experiences in the world in the area of power-generation business. One of them is very keen to join the power generation project in Croatia. They are ready to make huge investment in Croatia. I am sure that with most modern technology and high reliability and reputation of Japanese business will surely make this project most successful. Modern technology includes most sophisticated technology in protection of environment. Japanese technology has clear advantages in comparison with other countries' technology. This project will also greatly contribute to the promotion of energy security of Croatia. It should be highly appreciated in light of current energy situations in the region. Also this project will greatly help to improve the employment situation, as a lot of equipments should be purchased in Croatia. If this big project will be successful, then I am certain that the whole Japanese business will look at Croatia with new eyes and will be more eager to do business with Croats.

Japan can offer very good technology in many other fields, such as modern train system, LNG (Liquid Natural Gas) terminal construction. I believe that Japan and Croatian business can make good cooperation to bring both of us "win-win" result.

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