

WASABI

My thoughts for Sri Lanka



Akio Suda

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International Centre for Ethnic Studies

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FOREWORD

It is an honour for me to write the foreword to “Wasabi” a collection of essays by Ambassador Akio Suda.

Those who are familiar with Japanese cuisine know the importance of ‘Wasabi’. It is a hot and salty paste, which is usually mixed with soy sauce. Whether it be Sushi or Tempura the food is dipped in this sauce to give it a pungent flavour.

The ‘Wasabi’ in this case refers to hot and pungent remarks that the Japanese Ambassador Akio Suda has been making. In Japanese cuisine, if there is little Wasabi then the food will be raw or bland. If there is too much of it, then it will be impossible to eat.

Ambassador Suda’s speeches are neither bland nor too hot. They are just right for the Sri Lankan audience to learn some very necessary home truths; but not too hot to create a diplomatic incident.

Ambassador Akio Suda is a professional and the facilitator of the biggest assistance package to Sri Lanka. Japan is the biggest single development partner, the biggest single grant aid giver and one of the best friends of Sri Lanka within International Banks such as IMF, World Bank and the ADB.

Altogether, it would be correct to say that without Japanese assistance the future development in the country will be bleak indeed.

Japan has also, in recent times, played a major role in our political arena, particularly in encouraging and facilitating the peace process.

She is a Co-Chair of the Aid group and roving Ambassador Yasushi Akashi is a special envoy of the Japanese Government in pushing the Sri Lanka peace process forward. This is a logical development since no donor country likes to see its aid assistance being frittered away, or worse, used in oblique ways to exacerbate an ethnic conflict in a host country.

It is in this background that Ambassador Akio Suda speaks his mind. He is a concerned Japanese and a friend of the Sri Lankan people. He believes he can serve both these groups by frankly speaking out, unpleasant truths if it becomes necessary.

Many of these truths are self-evident. But they need to be said. Suda knows this: That’s why he himself refers to his speeches as Wasabi. A few months ago he sounded a warning about the dangers of a “bubble economy”. When an economy begins to move away from agriculture, industry and manufacture and begins to over-rely on financial services, tourism, telecommunications and shipping it may have for a short time, spectacular results. But if the bubble bursts due to external factors like rising oil prices, fall in demand in developed countries and widely fluctuating currencies, then that economy will face great difficulties and drastic steps have to be taken later.

He referred to similar bursts of the bubble in his own country and South Asian Tiger economies.

Ambassador Suda has also flashed the red light about Japan funded development projects. They were the first to promote Norochcholai. Now there is confusion about its implementation.

Japan undertook at great risk, overruling their own environmental lobby, to approve the Kotmale Power Project – now over ten years have lapsed.

We have not been able to complete 18 kilometers Katunayake-Colombo expressway for the last 50 years. No wonder the Ambassador is angry. Says he about the problems faced by the Japanese Government, JBIC and JICA in carrying out their assistance programme in our country: "They include (1) frequent change of plan and delay of implementation of important development projects. (2) Prolonged delay of important reform (3) Question of financial position in the future". Finally, he has turned to the peace process. As a Co-Chair Japan has "supported and encouraged both parties to have constructive talks and look forward to both parties making further progress through continuous meetings".

It is true that Japan was the first to come to Sri Lanka's aid after the tsunami. Irrespective of P Toms it has sponsored a massive rehabilitation programme in the North and East, which includes the renovation and reequipping of the Jaffna Teaching Hospital, Construction of the Killinochchi Hospital, landmine clearance and reconstruction of the Mannar Bridge. Thus Ambassador Suda does not mince his words when he says that he is confident of good progress. "If the ceasefire prevails and if all the parties approach in the more practical way rather than tirelessly arguing formula or conditions".

Sri Lankan decision makers will be well advised to take Akio Suda's views seriously.

28 July, 2006

Dr. Sarath Amunugama

PREFACE

Though it is not advisable for a diplomat to incorporate too closely with the assigned country, I could not help but do so since Sri Lanka grasped me with her attractive values as well as human problems. During my term in Colombo, I made numerous addresses on various occasions. Many of them were short remarks or rather formal addresses. But some speeches contained my personal and sincere thoughts about both charms and problems of Sri Lanka. These were well carried in the media and I received many positive feedbacks from knowledgeable people of the country. That is why I thought that it might not be meaningless to edit these speeches, add some other writings and publish them in a book. I consulted my friend, Dr. Sarath Amunugama, Minister of Public Administration and Home Affairs, and he concurred with the idea and introduced me to the International Centre for Ethnic Studies (ICES). I am grateful to him for this favor as well as for writing the Foreword to this book.

One of my earlier speeches was titled "WASABI" and I chose this as the title of this book. "WASABI" is a hot radish ingredient served with Sushi and Sashimi in Japanese cuisine, which gives a pungent flavor. I can tell, however, that I always think of what is good for Sri Lanka even when I talk things bitter.

I would like to express my heartfelt gratitude to all the staff of the Japanese Embassy who supported me to complete my term, which led to a small by-product of this book. I am especially grateful to Mrs. Sarojini Muttiah and Mr. Trevor

Ludowyke for their appropriate advice on my preparation of speeches as well as on editing this book. It is also my great fortune to know Mr. Lal Hegoda, a professional photographer and 1998 Bunka Award Winner, who kindly designed the cover pages with his beautiful photos.

Needless to say, the contents of the book are all my personal thoughts and views and they are not necessarily the official views of my government.

Akio Suda

***Former Ambassador of
Japan to Sri Lanka***

30, July 2006

I

Admiration and wishes for Sri Lanka

Having lived in this country for merely two years and eight months, I have touched only the surface of a little part of Sri Lanka. But I cannot resist my inner call to register my admiration for the land, people, nature, towns, and cultural assets of the country.

Anuradhapura and Nara

I love views of Anuradhapura; the endlessly spreading serene water of an ancient tank, silhouette of dagobas standing across the tank against the sky at sun-set, a young looking lovely Buddha image carved of stone sitting lonely in mid paddy fields, a gentle slope of thousand stepping stones leading up to a sacred hill. Viewing this land from the air, there lie abundant forests, paddy fields and hills a variety of green colors with reflecting waters of the tanks, and shining dagobas sitting here and there with its tall pinnacles beaming into the sky. It just appears to be an extraordinary land of serene atmosphere.

This land of Anuradhapura in Sri Lanka reminds me of Nara in Japan, the old Japanese capital, older than Kyoto though it goes back only to the eighth century. Both in Anuradhapura and Nara, there are enormous old structures, ancient architectures and ruins as part of larger natural landscape. They don't claim of human achievements over nature but they embody their ancient

wish and wisdom and integrate themselves harmoniously with nature. In places such as these, one can feel tranquility and eternity.

Perahera and Bon-odori

Although it is questionable if you should be proud of having national holidays per year more than other countries, I love the festivals in this country just as much as I am proud of the abundance of festivals in Japan. A festival is an essential part of community life. By participating in a festival, people reaffirm their identity and refresh their life, while forgetting an everyday life for a while. A festival generates confidence and energy for people to live. That is why a country with a rich history, tradition and culture has a variety of enjoyable festivals which attract people from all over the country and the world. In Sri Lanka, there must be numerous kinds of festivals, religious, ritual, seasonal, political, art, music, etc. Among the very limited encounters I had with Sri Lankan festivals, I recall the Perahera in Bandarawela most vividly.

When we visited Badulla in May, 2005, we were earnestly invited to see the Perahera of Bandarawela despite the terrible weather. The parade started very late, probably around ten o'clock, as heavy rains poured down for hours on the small town leaving puddles of water on the streets. Honestly, I didn't expect much of the parade because I knew that it was much smaller and far less popular than the Kandy Perahera. First to approach were Kandyan dancers, and next a group of students marching with banners. They were followed by a group of funny but furious looking masked dancers, a beautiful peacock dance, a rhythmical farmers' dance, a tea pluckers dance, a group of handicapped children, a Tamil cultural dance, drums and many more. As they marched they kept waving to greet the audience of town people lined up on both sides of the narrow street. Even elephants, small and big, didn't walk straight but stopped, turned

and hung around. The parade was almost chaos but colorful, beating, energetic and cheerful. It was just a gorgeous mixture of various roots of culture, the most exciting and moving festival that I have encountered in Sri Lanka.

I am sure that there are thousands of local towns and villages where people enjoy such a superb festival as the Bandarawela Perahera. The Japanese people also love to enjoy festivals all over the country and all through the year. Particularly in summer time, "Bon-odori", folkdance party with drums and songs, takes place in every village and town in Japan. Types of Bon-odori dance and music differ tremendously from town to town because it is a locally rooted cultural event transcending through generations in each town and community. Every Japanese, whichever city or town he or she is from, has a personal memory of Bon-odori or other kinds of festivals which he/she has experienced in childhood. Such rich traditions of festivals both in Sri Lanka and Japan signify the abundance of living cultures in both countries.

The Beautiful Land and Development

I had the rare opportunity to fly over this island many times and witnessed an aerial view of the beauty and variety of the land. When you are on the ground and walk and drive in cities or suburbs, you feel as if the whole world were more or less occupied, affected or polluted by human activities. Looking at the land from the sky, however, you realize that artificial structures of men such as cities, buildings, roads, railways, dams etc. occupy only a tiny part of the whole land while nature coupled with pro-nature features like mountains, rivers, forests, dry grounds, paddy fields and tanks overwhelmingly cover the land. It is particularly so in Sri Lanka.

You may say from this that Sri Lanka is regrettably lagging behind in development and industrialization. But you can also say that Sri Lanka has preserved intact the beautiful land

and nature and that she has a great hope of achieving the best balance of preservation and development, which very few industrialized countries have successfully achieved. Development and industrialization is not by nature a good thing. For instance, where there is no human habitation there is neither waste nor dirt; where people live close with nature, again there is no dirt; but wherever people infiltrate with industrial or urban activities there suddenly appear solid waste, pollution and dirt. Animals, trees, plants do not produce non-degradable dirty waste by themselves. Only industrialization and urbanization by human beings bring a knotty gift of waste and pollution.

Many people believe and certainly I also believe that Sri Lanka needs to build highways in several main routes throughout the land for the convenience of people and industrial activities. Ironically, however, if you have too convenient highway network over the land, you cannot enjoy views of countrysides and local towns for seven hours in your drive from Colombo to Trincomalee. Thanks to the underdeveloped situation of road network, you can feel how large the island actually is. As more highways are constructed, the size of the land shrinks and an enjoyable long driving journey is no more. This is another example of an inevitable negative effect of excessive development although I strongly believe in the urgent necessity of building at least several main highways in this country.

Moving Forward

In 1950s Sri Lanka was said to be the most suitable country for development in Southern Asia, even ahead of Singapore. Much has been said about the reasons why Sri Lanka failed to develop herself to an advanced economy like Singapore. The reasons may include ethnic conflicts, inconsistency in development policy, legacy of socialist economy, legacy of colonial mentality, and so on. But I think, as a whole, the very reason is that Sri Lanka and her people didn't want to become another

Singapore. Sri Lanka is bestowed with an abundance of nature and land, ancient history and heritages, valuable culture and religion, democracy and comfortable community life. Why should we work hard to trade off those exceptional assets with industrialization? It is truly an awful thing to imagine the whole island of Sri Lanka transformed into another Singapore.

According to the very interesting survey* recently conducted in ten Asian countries including Japan and Sri Lanka, based upon a question "Are you basically happy now ? ", 83 % of Sri Lankans who took part in the poll answered affirmatively, and recorded the highest percentage among all ten countries.

Because of this perception at the bottom, people, politicians, and businessmen didn't work seriously enough to bring about necessary evolutions to the country. Fortunately or unfortunately, Sri Lankan people, rich and poor, could afford to keep their inherited systems and problems without much change. Thus they are not yet successful to put an end to the ethnic distrust, colonial mentality, socialistic dependency, dual structure of economy, delay of infrastructure projects, insufficient value-adding industry.

Looking over the decades of its history, however, it seems to be the right time for Sri Lanka to make big moves for the betterment of the social and economic life of all Sri Lankans. Ethnic conflicts cannot continue too long without severely damaging people's minds as well as the country's economy and dignity. There are growing recognitions among people about significant development projects and necessary reform in public sectors. So, most people now seem to realize the necessity to move forward on fundamental issues. In other words, Sri Lankan people begin to learn that they cannot afford to continue to stay in the same place as before.

If people believe in and work for the evolution of the country by their own hands and not relying on others, Sri Lanka

can surely attain harmonious and productive co-existence of all the people as is seen in Kataragama. Furthermore, Sri Lanka is in the best position to achieve an ideal balance between advanced development and abundant environment.

* “ Values and Life Styles in Urban Asia, a Cross-Cultural Analysis and Sourcebook Based on the Asia Barometer Survey of 2003 “ edited by Prof. Takashi Inoguchi, Tokyo University, and others.

The survey was conducted in Japan (63%), Korea (53%), China (68%), Malaysia (76%), Thailand (72%), Vietnam (57%), Myanmar (71%), India (61%), Sri Lanka (83%), Uzbekistan (52%). The percentages in parenthesis are answers to the question “Are you basically happy now ?”

(14 July 2006, Essay)

II

WASABI

Japanese Spice “WASABI”

Today, I would like to talk a little about how I am finding Sri Lanka, though it has been only seven months since I came here last November.

Many to praise in this country; beautiful land, unique culture, historical heritages, friendly people with smiles, diligent people at work (may be not everybody), high rate of literacy, etc.

However, it may not be interesting to you to hear a diplomat only praising your country and your people, since unfortunately diplomat's comfortable words are believed to be untrustworthy next to the politician's. So, I like to talk not about the sweet part of my findings but rather the bitter or even hot ingredient like WASABI, a Japanese spice for Sushi and Sashimi.

Words “Donor” & “Donation”

In this country, I hear and see a particular sort of English words so many times. Those words are “donor”, “donation”, “donor country” and “recipient”. Of course there are certain cases we cannot logically avoid using these words like “donation of books” or “donors meeting”. But it is my impression that the Sri Lankan media and even intellectuals tend to use these words

too easily. Maybe, not so much in Sinhalese, sorry that I cannot tell. I personally don't like these words.

Although Japan is a single largest "donor" by far to assist the development of this country, I don't like these words. Because the perception of donor-recipient relation between countries or between individuals and groups tend to imply somewhat one way action, from rich to poor, from advanced to less advanced, or from higher to lower. It may have also an implication that both a donor and a recipient tend to be satisfied by the mere fact that it has given or that it has received, forgetting that what really matters is how assistance will help others do better by their own effort.

The flood of these words "donor" and "donation" everywhere might indicate some perception among people that there are two kinds of country in international society and two kinds of people within the country; these two are those who donate and those who receive donation. I don't think this is a constructive philosophy, and I don't believe this reflects the true relations between countries and between people.

Recently, I saw a complaint in an opinion page of a newspaper, which said that financial aid from donors are not all grants but largely loans which we Sri Lankans have to repay with interest. Sure, to count by amount of money, large portion of foreign aid including those from Japan, World Bank and ADB are concessional loans. Japan, for instance, provides technical assistances, grant financial assistances, and soft loans depending on the nature and scale of development projects; a grant aid for building a hospital and a school, a soft loan with much lower interests than commercial loan, for power projects and highway construction, etc.

Those who complain that the aids they receive are not all grants, sound like saying that they always like to be in a position of being given rather than to make full use of aids for

further development to the point where they need not receive much aid any more.

Japan's Way of Development & Restoration

In the 19th century, Japan went through the Meiji Restoration. It opened the doors to the Western World after 300 year's of closed policy and started adopting Western civilization in order to make the nation competitive in the world. For that purpose, the Government invited intellectuals and professionals of the then highest level from France, Germany, Netherlands and UK at an exceptionally high salary, very much higher than a salary of ministers. They taught and trained Japanese officials and students in government and at universities and colleges. Their knowledge and technologies were digested and absorbed by Japanese just like dry sand absorbs water. The big payment to those Western teachers has returned Japan incomparable benefits after 20 or 30 years and made it the most industrialized country in Asia by 1900.

After the defeat in the last World War, Japan worked hard to restore its economy and society by receiving aids from US and World Bank. Even that famous bullet train was constructed partially with a loan from the World Bank. And as you know the project has benefited Japan hundreds or thousand times more than what we repaid to the World Bank.

In Sri Lanka, I have no doubt that informed people and leaders in various sectors know better than I, that any assistance from abroad is meaningful to the country only if the Sri Lankan people make full use of it for further advancement by their own hands.

There are many examples of Japan's assistance in this country which has grown up into a big tree by the hands of Sri Lankan people.

In Gampaha, Japan built "Upland Model Farm" and assisted in planting ginger, groundnuts, etc. Now, this model farm, without the help of Japanese experts has expanded its production to urban consumer items like flowers, and also started to train neighboring farmers, particularly women, in farming and marketing.

In Nuwara Eliya, Japan built solid waste treatment facilities in a valley of Moon Plain and also helped the Municipal Council in environmental education. Now the municipality is working hard to make the entire city clean by putting disposal bins on the roadside to collect solid waste and bring them to the treatment facilities in Moon Plain. They are also developing and cleaning Moon Plain Lake. Nuwara Eliya would possibly become a model of clean city in Sri Lanka.

Cleanliness

Now, after talking too much about of my hatred of a word "donor", I like to touch a bit on my other hatred in Sri Lanka. That is solid waste abandoned on streets, fields and water as well as polluted dirt in canals, rivers and ponds. Sri Lanka should be one of the most beautiful lands with enviously rich fauna and flora, valuable heritages and old streets. But wherever people live, its natural beauty and comfortable environment are spoiled by solid waste and pollution. It is unfortunate that foreigners who arrive in this country have to be welcome by spread of wastes on the road from Katanayaka to Colombo and again from Colombo to Kandy. Colombo is blessed with canals, rivers and lakes. But we hesitate to stroll alongside these waters because of their dirt and stench.

I believe, the matter of cleanliness is not a subordinate issue in the social and economic development of a country. It also affects the psychology of the people. If a factory is not kept clean, you cannot efficiently produce a product of good quality, if a shop is not clean, you cannot make a good sale with shoppers,

if a street is not clean, you cannot expect people to enjoy walking and visiting the town. Needless to say, the cleanliness greatly relates to the health of the people through sanitation problems like dengue disease. I don't think, however, we need to be too pessimistic in solving this problem.

I remember, when I was a child, teachers told us every day about "public morals", which meant "Don't throw away waste in public places like streets, parks and waterways. It is a shame to do so while you keep clean inside your house." This repeated educational direction has given a profound influence upon our psychology and behavior, although I must admit that there are still individuals and firms who litter or dump illegally in Japan.

Up to 1960s, major rivers in Tokyo like Sumida River or Kanda River were all polluted by industrial wastes without any fish in the water. But in 1970s, those rivers were transformed to beautifully clean waters with carps and other fishes within and leisure boats floating on. Even gorgeous fire works festival, which was originated in 17th century Edo, has come back to Sumida River every summer.

So it is surely possible, I believe, to transform the streets and waters of Colombo as well into clean and enjoyable places for everybody. It largely depends on how well people, children and community understand the importance of making their surroundings clean. Clean up your house, clean up the front street of your house, clean up your town with the town people. These small moves and campaigns will make a fundamental change to the whole urban environment. And it eventually helps accelerate the development of society and industry of the whole country.

Japan has been intensively assisting in this area for some time including water supply, sewage, garbage collector, waste treatment, and water cleaning tractor, and it will continue to support people's efforts on this track.

Future Japan-Sri Lanka Relationships

I may have served too much hot WASABI to you tonight. I know I should prepare a very sweet desert to get rid of bitterness from your tongue. But now I have realized it is not possible, since I made a mistake at the outset by honestly saying that diplomat's sweet words are not trustworthy.

Incidentally, people ask me why Japan has been providing so much official development aid to Sri Lanka? I too am always asking myself this question, and my answer is that it is not just because Mr. Jayawardene made a moving speech half a century ago in San Francisco; not because we are both Buddhist countries (to be precise, religious situation is quite different between the two), but, the main reason is, because what is good for the future of Sri Lanka is, I believe, good for Japan in long run. Sri Lanka is a country of great potentials, values and attractiveness. Therefore, successful achievement in peace and development of this country will benefit Japan and Japanese people by enabling both countries to widen and deepen their economic, cultural, political, and people to people exchanges.

Up to today, our bilateral relations too much centering on government-to-government development assistance. On top of the continuing government to government assistance, I hope that we can further develop people to people exchanges like trade and investment, culture, and tourist visits, thus widening and deepening our mutually beneficial and equal-footing relations.

Probably, now you may reckon why I don't like the word "donor" or "donor country".

(17 July, 2004 at Rotary Club Colombo Up Town)

III

Business Leaders and Development Issues

Experience of Japan Chamber of Commerce

One of the characteristics of Japanese modern history from, say, the 18th century onwards is the consistent influences of business circles. At the time of Meiji-restoration in the 19th century, the new government worked closely with business leaders to build the economically prosperous and militarily powerful Japan to contest against Western powers. Both, the Tokyo Chamber of Commerce and the Osaka Chamber of Commerce were established in 1878 and they played a leading role in business advancement as well as public welfare. After the defeat in World War II, while conglomerate companies like Mitsui or Mitsubishi were dissolved, the Japan Chamber of Commerce quickly came back to work with the government and to deal with Allied Occupation Forces. I would like briefly to touch on some of the activities of the Japan Chamber of Commerce during the period when Mr. Shigeo Nagano chaired the organization from 1969 to 1984.

Mr. Nagano and other members of the chamber of commerce believed in the responsibility of business leaders in guiding the country in a way different from the politicians' and took various actions as an opinion leader representing business

circles. Mr. Nagano, for instance, launched "Clean Japan Campaign" which was aimed at regaining clean air and water as well as saving energy by recycling collected wastes. Mr. Nagano and other top leaders went out to parks in Tokyo with a garbage basket on their back to pick up cans and waste on 23 November, Thanksgiving Day in 1973, and they continued the campaign for some years.

This campaign in the 1970s by the Japan Chamber of Commerce may be interesting to Sri Lanka today, since it is widely recognized now that one of the problems in this country is the lack of cleanliness in cities. I myself tried to mention, on various occasions, the basic importance of making the country clean for the further development of the country. I am very glad, however, even within the past one year, I notice significant improvements on the streets of Colombo and other cities and many campaigns are going on to clean-up Sri Lanka.

Another initiative Mr. Nagano took and succeeded in being implemented by the hand of bureaucrats is the establishment of "the Loan Program for Management Reform of Small Scale Industries". The Japan Chamber of Commerce, which is headed by representatives of big firms, had a strong belief that the Japanese economy could flourish only when big, medium and small scale industries work together. In 1972 and 1973, small and medium sized industries were suffering from stagnation. Then Mr. Nagano took a brave initiative to request the government to introduce unprecedented special loans with no guarantee or warrant for the sake of small industries, and succeeded in getting it budgeted.

I am not saying that the Ceylon Chamber of Commerce should make an exactly similar move at this time of financial difficulty of the country. This is just an example of how leading business circles can influence very important policies of the government.

The last illustrative story of Mr. Nagano's effort is his bold approach to the Soviet Union and China. In 1983, one year before he died, Mr. Nagano went to Moscow with an unprecedented 250 member of business delegation when the Japanese government still had a lot of problems with Moscow, including the deployment of Soviet's medium range missile in the Far East near Japan. He also visited China with a business delegation in 1971 before the Japanese Government normalized relations with China. When he was asked why you, a chairman of a big firm of capitalism dares to work to develop good relations with communist countries? He said "it is even more dangerous if they (China) fail to become wealthy."

I am an official of the foreign service of Japan, so I know what my government could and could not do in the 1970s and the 1980s in relation with China and the Soviet Union. Mr. Nagano, Chairman of Japan's Chamber of Commerce and his colleagues seem to have done what the government could not do because of the complexity of international as well as domestic politics. There is an immense advantage for business circles vis.a.vis politics and civil society, because it can think and argue of the interests of the people and the future of the country, from more objective perspectives of economy and business.

Sei-Zai-Kan; Politicians, Business Circles, and Bureaucrats

In Japan, people often refer to roles of "Sei-Zai-Kan" when they talk about important policy of the country. "Sei-Zai-Kan" mean politicians, business circles and bureaucrats respectively. Among them, business circles and bureaucrats made a great contribution to the socio-economic advancement during the latter half of the 20th century. Business circles advocated policies which were effective in strengthening Japanese industries and their competitiveness. Bureaucrats, on their part, took initiatives to plan and execute ways and means of facilitating the growth of

the national economy. By the 1990s, however, people had begun to criticize excessive activities of some business groups and too powerful red tape bureaucrats, while urging politicians to take stronger leadership. Now the power balance between "Sei-Zai-Kan" is under review to the effect, in particular, that bureaucrats should restrain their role into the execution of policies, whereas politicians should take leadership in building national policies. Although the balance is thus changing today, in the past when Japan needed to increase its economic capacity and to lift living standards of the people, business circles and bureaucrats have played an especially great role.

Looking into this country, at the time when you need steady and efficient development of the country to lift up people's living standards, business circles are expected to play a significant role in a different way from politicians, bureaucrats, social workers, academics and mass-media. In this respect, I am glad to say that, even in the past one year since I came to this country, I have noticed that business circles including the Ceylon Chamber of Commerce have been increasingly raising voices not only on economic, financial and development issues, but also on social and political issues of the country including peace and stability. If you argue only from the interests of your own company, it may not have a big impact on the society. But if you argue from the common interests of a business group, it would have more impact. If you speak out and act from the interests of the whole industry considering also what is good for the future of the country, then that should have a real impact on the society. Some times, what is beneficial for businesses in the short run may not be good for the future of the country. But in many cases, I suppose, long-term interests of the whole business circle and of the people coincide, so that business circles can speak out and act more for the sake of the people and the country.

Consistency in Development Policy

As the ambassador of Japan, the country which has long been supporting the development of Sri Lanka through official development aid, I reiterated, on several occasions, of the essential importance of consistent development policy on the part of the government, particularly in relation to fundamental infrastructure projects. Sri Lanka has been losing many years in its development efforts by frequently reviewing and changing once decided plans of infrastructure projects. You should allocate sufficient time for transparent, objective and scientific checks of the draft plan by various groups and offices before formally approving the project. But, once it is approved through due procedures, it is to the benefit of the country to efficiently implement and complete the project on schedule. I do not deny exceptional cases where serious environmental or some other problem is discovered afterwards. But exceptional cases should be really exceptional. Otherwise there is something basically wrong in the whole system of decision-making, including the validity of the decision. I need not mention similar problems occasionally noticed in honoring tender procedures.

There are encouraging signs, however, of growing concerns with these problems within the government and among the people, and I see that the government is addressing the problems more courageously and correctly these days. The matter certainly affects business activities of the private sector. I hope that business circles will continue to watch this problem with great concern.

Needless to say to the audience this afternoon, consistency is fundamentally important also in relation to investment policies. If this country really likes to see a sufficient level of good and stable investments, either domestic or foreign, the relevant regulations and administrative policies should be at least very consistent to the effect that there should not be easy changes in the direction of damaging good investments. Next I will tell you what kind of investment I consider as being good.

Local Rooting of Industries

To pursue sustainable development of a country, you certainly need to develop industries which are well-rooted in regions and the country. Foreign capitals, technologies and services play a major role in the development of any country. The question is how well can you utilize them to develop industries which benefit local people and the country at large through creation of employment, development of human resources, reproduction cycles, etc. To talk about tourism industry as an illustrative example, there are many attractive tourism sites with first class hotels on beaches and in areas of cultural interests. The number of tourists to Sri Lanka seems to be nicely growing as the cease-fire basically continues. It is questionable, however, whether such tourism is benefiting the local people, local shops, and local community as much as it's supposed to. Unfortunately, I have seen very few tourism places in this country, where not only big hotels but also towns, streets and villages are really flourishing with tourists for the benefit of local people. There should be many reasons for that, like souvenirs or handicrafts are not well presented, or shops and streets are not clean, or some local guys try to cheat or mislead tourists, etc. Those can be changed, if the tourism industry, local governments and local communities change their thinking and work together.

Business is a tough competition or even a survival game for benefit. So, the major concern of investors or businessmen is how to make maximum profits for their own firms. But it is better for the whole country, if they can make profits by getting many people involved locally rather than isolating themselves from the public. It is also much better for the country if firms bring about benefit to people through their own business activities rather than just give a donation to people from their gain from time to time.

Look More to East

When I visited Sri Lanka for the first time, that was around 25 years ago, this country looked to me closer to South-east Asia in its climate, landscape and people's tendency rather than to typical dry South Asia. And this time, I was struck to find that this country still had a very limited scale of interactions with East Asia, compared to its large scale traditional interaction with Europe and South Asia. East Asia recorded unprecedented economic growth since late 1980s with a few years break of the monetary crisis starting in 1997. This historical growth has come to be possible through a mixture of roles played by various groups of countries in the region; the industrialization of NIEs, Korea, Taiwan, Hon Kong, and Singapore, the successful development of ASEAN countries, the emergence of the gigantic economy of China, and consistent provider of ODA, investment and advanced technology, that is Japan. Today, a regional scale of division of works among these countries is going on. Japan exports parts, equipment and other capital goods to NIEs, NIEs manufacture them into half products and export them to China, China manufactures them to final products and exports them to other countries. ASEAN also comes in between those players depending on types of industry, and investment also flows from Japan to the others or from NIEs to others, etc.

So, there is East Asia with a huge and lively economy and a variety of countries ranging from industrialized, developed, to developing countries. Many of those countries provide the world with good models of development and industrialization. On the top of that, most of the countries have more or less historical and cultural links with Sri Lanka. Then why doesn't this country think much more of exploring prosperous relations with the East?

Development Best Balanced with Values of Sri Lanka

I had opportunities to fly over this island from Colombo to the Northern Province. What struck me during these flights was the abundance of greenery, particularly endlessly spreading primeval forest. In the past, Japan or some other well industrialized countries had made a mistake of destroying a big portion of beautiful forest and built factories or golf courses, etc., simply because they yield money for a limited group of people. I do not deny the rational and necessity to use some part of the forest to build good industrial projects which bring about valuable benefit to the region and to the country for many generations. But, seriously, it is my instinctive belief that the abundantly blessed nature of this country, namely, forests, rivers, waterfalls, rocks, mountains, and wild life, are the country's assets of paramount value, which the people should be truly proud of and which the people cannot afford to lose in trade with narrow sighted business interests.

Another invaluable asset of this country is its culture, tradition and heritage. Every country and people claim that their respective culture and heritage are of great value, so you cannot say one country is superior to the other in these respects because it is not just a matter of comparison. Of course, I am very much proud of Japanese culture, tradition, and heritages and ready to tell anybody how unique and valuable they are. Nonetheless, I would stress that Sri Lanka's culture, tradition, and heritage are extraordinarily valuable in its depth and uniqueness. And when I say this, I mean they are valuable not just for the Sri Lankan people but for peoples of other countries including Japan.

For example, there are many traditions in this country which the Japanese have missed. I was told that the local people and officials in Sigiriya never use toxic spray to kill dangerous bees on the cliff of Sigiriya Rock, however active they become and

attack tourists. Instead they wait for weeks until the bees calm down by prohibiting tourists to pass until such time. If it were in Japan, local shoppers, travel agents and parents of school children would put pressure on town authorities demanding the destruction of beehives for business interests or safety reasons, and would have done it quickly. This is an example of traditions which Japan has missed and Sri Lanka maintains living along with. It is also amazing and a bit embarrassing to see, anywhere in this country, stray dogs sleeping dangerously close to the center of main roads as if they believe in the generosity of all human beings. Those lazy stray dogs are an eloquent evidence to prove how admirably Sri Lankan people are kind towards other living beings.

Fortunately, since this country is not too far industrialized yet, it has a full opportunity to achieve a good balance, cherishing the blessed nature and culture, on the one hand, and developing the society for people's convenience, on the other. People cannot happily live only on natural and cultural assets at this time of the economic integration of the world. So you definitely need to accelerate development and industrialization. But it is a tragedy or even a comedy, if you make the country just another developed country, simply following others neglecting Sri Lanka's uniqueness of blessed nature and culture. In that unique challenge for the balanced development of the country, entrepreneurs and business leaders are certainly a major player.

Closing

Today, I didn't intend to talk of the bilateral relation between Japan and Sri Lanka. But as I always say, it is my belief that what is good for the future of Sri Lanka is good for our bilateral relations and good for Japan. Since this country has significant development potential as well as incomparable natural and cultural values, the acceleration of well-balanced development and the build-up of lasting peace of this country are conducive to economic, social and cultural benefits of the world and,

particularly, to Japan, who shares many of the cultural and social values with Sri Lanka. So what I said about this country today is, in my thinking, closely related to our task of deepening and widening Japan-Lanka relations.

(15 November, 2004 at Ceylon Chamber of Commerce)

IV

Wakon-Yoosai and Sri Lankan Economy

In the late 19th century, there was a leading philosophy among opinion leaders in Japan; called “Wakon-Yoosai”, which means Japanese heart and Western learning. When Japan opened her door to the outside world in 1860s, it exerted a great effort to quickly learn science, technology, administrative system, etc. from the Western world in order to make the country strong enough to maintain its independence. While this westernization went on fairly successfully, there came out an argument that it is not a right direction to try to totally westernize Japan neglecting the country’s valuable traditions and spirit. In order to harmonize the efforts of learning from the West and of maintaining Japan’s spiritual values, academics created the words “Wakon-Yoosai”. “Wa” means the old Japan and “Kon” means heart or spirit. “Yoo” means the Western world and “Sai” means talent, science and technology, or materialistic capability.

Kadrigamar and Wakon-Yoosai

I personally knew the late Honorable Lakshman Kadrigamar only for one year and half. Fortunately, I could have frequent and very personal exchanges with him in that short period. It is Mr. Kadrigamar who reminded me of the almost forgotten Japanese thought “Wakon-Yoosai”. Nobody embodies than Mr. Lakshman Kadrigamar the Sri Lankan way of Wakon-Yoosai, a man of Sri Lankan heart with western learning. He

took, for instance, the ethnic problem as purely a Sri Lankan problem, which should be solved by Sri Lankan people with a good support of the international community, but not by international community. He received the highest level of Western education and lived a life of western civilization. Yet, he seemed to have always thought of the dignity and sovereignty of the country. His successful initiative to protect the Lord Buddha image from commercial abusing was a good example.

Once, I frankly told him that the bilateral relation between Japan and Sri Lanka had been too much overwhelmed by Japan's official development assistance to Sri Lanka and that we should work to depart from aid-oriented relations to people-to-people relations based not only on development cooperation but on cultural, business, tourism, and intellectual exchanges. Thus we could expand and deepen our mutually beneficial relations. The Foreign Minister, being delighted by my way of thinking, completely agreed to that and said that from now on let's make "widening and deepening", the key words of our policy on Japan-Sri Lanka relations. He later declared this policy during his visit to Japan in September 2004. I think that Mr. Kadirgamar and I shared the view that this country, though not sufficiently developed in economy and needs foreign assistance for some more time, has valuable cultures, traditions, natural environments, and potential human resources, and with them we could and should make our relation to be even more equal-footed and mutually beneficial one.

Balance between Sri Lankan Heart and Foreign Learning

As embodied by Lakshman Kadirgamar, it seems to me that "Sri Lankan heart with Western learning" can be a useful guidance for the development of the country. The essence of this philosophy is how to manage a good balance between Western learning and Sri Lankan heart. In the contemporary world, no

country can enjoy welfare of people without developing its economy through international trade and investment. This is how both advanced and developing countries expanded their economic capacity and strengthened their competitiveness. Sri Lanka also has been learning from western (including Japan) knowledge and technology and engaging in trade and capital activities with the rest of the world. Still, I should say, Sri Lanka has not been as successful as some ASEAN countries in its economic development. There should be several reasons for that including the unfortunate ethnic conflict and inconsistent policy on infrastructure construction. But, I think that the underlying problem here is a difficulty of well managed balance between Sri Lankan heart and western or foreign learning. Japan and some ASEAN countries did not attain its advancement by just putting itself at the disposal of western ways but by finding best mix between western ways and its own ways.

Money Flow Economy

The purpose of foreign learning should not be just to continue to learn from foreigners and create some businesses in between, but to make use of foreign knowledge and skills for the development of the country by your selves. Foreign capital flow is not always conducive but sometimes even harmful if you don't build your own industry on them. Where money comes in, there are certain people who can make business out of that, but the question is whether and how effectively that money is utilized for development of industries and creation of jobs in Sri Lanka. Japan went through experiences of so called bubble-economy in 1980s, where companies and traders could become richer and richer by just trading lands, houses, golf-club membership, etc. Such a bubble-economy has left little substantial benefit to the people of Japan because it was driven by flow economy and not much by industrial production.

Sri Lanka is not in bubble economy now, but I see a similar problem in a part of this country. In the top ten companies in Sri Lanka, there are only two manufacturing companies and others are all banking and other service. In the top 50, there are only 17 manufacturing companies and other 33 companies are making profit in banking, insurances, trades and other sort of services. Some businessmen may scold me for my bold argument, but by and large, banking and trading are not adding or creating much value by themselves only. These services are of course indispensable for the country's economic activity, but dominance of such service sectors with relatively few manufacturing industries indicates the excessive dependency on flow economy and very possibly on foreign capitals.

Needed Industries to Explore Potentials

Sri Lanka has developed such major industries as plantation, gems, garment and tourism, and smart businessmen can make a lot of profit in these industries. But there are not sufficient Sri Lankan industries on which the majority people can work and realize well-being. You need to develop more a kind of industries which activate the potentials of human and natural resources of this country to the maximum extent. They are industries of more indigenous, more manufacturing and more value-adding nature. You have to create value in this country if you like to bring welfare not to a small group of people but to the majority. People as a whole cannot live a welfare life just on flow of money coming in and out. You need Sri Lankan heart in your economy and industry. That heart can create values for Sri Lankan people as well as for the world.

Examples of Needed Industries

All of present major industries like tea and rubber, gems, garment, tourism, etc. will continue to be extremely important for the Sri Lanka economy. Tourism, for instance, has much bigger

potential to be developed and, though not a manufacturing industry, can create big values if it successfully involves more local communities and manufacturers. In various sectors, I am sure there are thousands of good companies, either indigenous or foreign, which contribute to the creation of job, gain of foreign currency and the economic growth in the country. Let me introduce a few examples of Sri Lankan firms with Japanese investment which could be models of most needed industries in Sri Lanka.

FDK Lanka

FDK Lanka (Pvt) Ltd., operating in Katunayaka, produces high-tech parts like floppy disk drives, rotary transformer for VTR, and optical communication components. FDK employs 2,300 workers in the Katunayaka factory and records annual sale of two billion rupees, all of that are exported to US, Europe, Japan and Southeast Asia. This company was established in 1990 by a Japanese entrepreneur, Mr. Katsuhiko Kono, the present president of the company. FDK's remarkable success in high-tech production and worldwide sales can be attributed to many reasons. But the most significant reason is the availability of labor forces of high quality. Sri Lankan workers are outstanding in their precision and persistence, which are essential to production of delicate high-tech devices. On top of that, the firm made many innovative efforts in order to strengthen its competitiveness. It has built and keeps big space of factory dust- and germ-free with tight air control system. Further, it started in last November to introduce "Kanban System" or Just in Time (JIT) system for its production line. This "Kanban System", invented originally by Toyota Motor Corporation in Japan, is a production control system to supply just necessary items, with just necessary quantity and just in time, as to minimize excessive stock, waste of production, and overall cost. This system sounds simple, but requires sophisticated planning and the closest coordination between workers and teams. According to Mr. Kono, when

"Kanban System" is completed (now introduced up to 30%), the productivity of FDK will jump by five times or more. Workers eagerly cooperate to complete the system because they know that the gain from a productivity hike will be reflected upon their salary. With all these challenges and success, I would say, FDK is one of the most promising models which indicates a right direction of Sri Lankan industries in future.

Noritake Lanka

Noritake Lanka Porcelain, established in 1972, is more widely known to the public than FDK because it has a way long history here and its products are familiar to households. Noritake has been contributing to Sri Lanka's industry and economy in various ways. It has created jobs (now 1,200), it has introduced Japanese porcelain technologies and transferred them to other local firms, it gains foreign currencies by exporting 80% of the total products, it uses mostly local materials except gold, thus creating additional local works. Noritake Japan built three overseas factories in Ireland, the Philippines and Sri Lanka besides its original factory in Japan. As I was told, among the three factories abroad, Noritake Lanka is the most successful and now a major production center for the whole Noritake Porcelain. The main reason of the success here is again high quality of labor forces, which are excellent at precise and persistent works. Noritake's success coupled with the FDK's may indicate a promising possibility of new industries such as high-tech porcelain devices for electronics.

Tokyo Cement

The third example of more needed type of firms I know is Tokyo Cement. Everybody knows Tokyo Cement but it is not a high-tech company and a cement supplier may not be a very attractive industry for the younger generation. However, firstly cement production is a very essential industry for the development

of the whole country. Tokyo Cement supplies 30% of total demands in Sri Lanka. By only this fact, the company can be said to have made a great contribution to the development of this country. Secondly and more importantly, Tokyo Cement actually produces cement in this country rather than just importing finished product and packing for sale. Tokyo Cement manufactures two thirds of its production in its Trincomalee factory by mixing clinker, plaster and volcanic ash then firing and processing them. The factory's operation is short of complete production but goes through a half production, differently from other many factories which just bag imported finished cement. To rely on imported finished product is easy way to meet demands, but it costs the country. If you don't produce or add values in the country and easily rely on imports of finished products, you have to continue to borrow from outside. That is why value-adding industry is essentially important and should be encouraged in this country. Cement industry is just one example, and there should be many industries where this country should explore possibility of full production or value adding production.

In Conclusion

"Wakon-Yoosai" was a Japanese way of balancing between Western learning and Japanese heart. Whatever you call it, I am sure that Sri Lanka also has been seeking in its own way for a best balance between foreign learning and Sri Lankan heart. The industries of Sri Lankan heart are those that create or add values in the country, fully utilize Sri Lankan human and other resources, and return gains to many people. The growth of these industries can benefit and activate bank and other service industries as well. I hope that we will see, in the near future, more and more businesses and companies of Sri Lankan heart emerge in this country so that the whole industry of the nation can continue to expand for the benefit of the people.

Today, I talked of a balance between foreign learning and Sri Lankan heart in the economy. Certainly, we can argue a similar question in regard to, for instance, peace process. But I don't have time to go further this evening.

(24 August 2005 at Rotary Club Colombo Central)

V

Japan's ODA, Development and Peace Process

Yesterday, I informed the Government of Sri Lanka that the Japanese Government had decided to provide Sri Lanka with a new package of the yen loan (to be lent by JBIC) amounting to ¥ 21,560 million for three projects. On this occasion of announcing another package of the yen loan, I would like to say a few words on Japan's economic assistance in relation to the socio-economic development and the peace process of Sri Lanka. Japan, as the largest donor for development on the one hand and one of the co-chairs of the Tokyo Conference on the other, is especially concerned with both development and peace in Sri Lanka, and may be in a good position to discuss what is needed to achieve development together with the peace of this country.

The Gravity of Japan's Official Development Assistance in Sri Lanka

The new package is the 37th yen loan package counting from the first yen loan provided in 1965. The loan this time is to finance three important projects for development of the country; namely, Galle Port Development (¥14,500 million), Infrastructure Development of Eastern Province (¥4,460 million), and Tourism Resources Improvement (¥2,600 million).

Since January, 2005 only, the Japanese Government has already provided Sri Lanka with ¥8,000 million grant aid and ¥10,000 million yen loan for the purpose of tsunami relief and reconstruction. Besides, Japan is also extending grant aid as well as technical assistance to many non-tsunami projects. As a whole, the total financial and technical assistance that the Japanese Government has provided or pledged in the last fourteen months for development projects as well as tsunami relief amounts to around ¥42,000 million (US\$370 million).

Japan is the single largest donor to Sri Lanka in terms of the total amount of assistance since 1986, and Sri Lanka is one of the largest recipients of per head assistance from Japan in the world. Japan has been extending financial and technical assistance towards socio-economic development of the island since the 1970's.

In the sector of port and aviation, it provided ¥78,200 million for a series of projects of construction and expansion of the Colombo Port, which now functions as the mother-port of the whole Sri Lankan economy. Japan has financed the renovation and expansion of the Bandaranaike International Airport, which now provides a high level of services for international cargo and passengers. And yesterday, another significant port project of Galle was pledged.

In land transportation, Japan assisted in building the Baseline Road in Colombo and local roads and bridges in many provinces. Now the Southern Highway, which is co-financed with ADB, is under construction. In the power sector, Samanalawewa Hydropower, Kukule Ganga Hydropower, Kelanitissa Power Plant, Upper Kotmale Hydropower, Colombo City Electricity Distribution, and most recently, Vavuniya-Kilinochchi Transmission are, among others, all built or being built by Japan's official development assistance. In rural and agricultural development, Mahaweli Development, Walawe Leftbank Irrigation, and SMILE, SIRUP and PEACE projects are

among the Japan funded projects. In the health and medical sector, Sri Jayewardenepura Hospital, Peradeniya Teaching Hospital were built by Japan's grant aid and numerous other hospitals and medical facilities all over the country received grant aid and technical cooperation.

Our financial and technical assistance covers many other areas such as telecommunication, water supply, education, industrial estates, small and medium industries, plantation, urban environment, etc. In a word, Japan has been extensively involved in most areas essential to socio-economic development in Sri Lanka. JICA (technical assistance) and JBIC (financial assistance) have been working on all these projects as implementing agencies of Japan's official development aid.

Japan's Assistance and Development of Sri Lanka

The Government of Japan highly appreciates the development potential of Sri Lanka and also believes in the capability of the Sri Lankan Government and people of effectively carrying out the development. In many projects and sectors, Sri Lanka has quite effectively utilized Japan's assistance for furtherance of development on its own feet. Besides various big projects which were mentioned above, officials, volunteers, villagers and other people prove to be good undertakers of assistance projects in many sectors like health and medical care, rural and agricultural development, water supply, education, telecommunication, information technology, etc. The Japanese Government, JICA and JBIC are happy to be able to work with those Sri Lankan people who truly appreciate our assistance and try to make full use of it for the benefit of the people and the country.

However, I should also point out some difficulties or questions that the Japanese Government, JICA and JBIC face from time to time in carrying out their large volume of assistance in this country. They include (1) frequent change of plan and

delay of implementation of important development projects, (2) prolonged delay of important reform, and (3) question of financial position in the future. We are certainly very much concerned with peace-building as well, but that I will discuss later.

Sri Lanka has lost many years in its development process by frequently reviewing and changing once-decided plans of important development projects, in particular, infrastructure projects. It took fourteen years to start actual work on the Upper Kotmale Hydropower Project since the first plan was designed in 1991. The plan of a coal power plant in Norochcholai was designed by the Japanese fund in 1994 but is yet to be realized. Several basic highway projects are still dragging on. I am not saying that you should not spend enough time to study a plan carefully and objectively with the participation of various groups concerned before formally making a responsible decision on the plan. But once it is approved through due procedures, it is to the benefit of the whole country and the people to efficiently implement and to complete a project on schedule. Otherwise, it would cause increment of opportunity cost which would be an additional burden on the country and the people. There may be exceptional cases where serious environmental or other problems are discovered afterwards. But exceptional cases should be really exceptional. Otherwise there is something wrong in the whole system of decision-making, which may be too susceptible to occasional intervention.

Another problem that hinders the efficient development of the country is delay of reforms of institutions, either organizational or social. Sri Lanka has many valuable institutions and traditions that you should not lose or easily change. But there are various issues of important reforms which have been discussed for a long time and are believed by majority of people to be absolutely necessary. For instance, most people accept the necessity of structural reform of the CEB, if not privatization, to make this vital public enterprise more efficient and competitive.

Japan, along with the ADB, pledged ¥7.4 billion financial support for the reform of the CEB three years ago. Only half of this JBIC fund was utilized before March, 2005, the expiry date of the loan agreement, because the Government has never reached a final decision on actual reform while the power sector is accumulating big losses every day. JBIC twice extended the expiry date up to December, 2005, hoping that a decision would be made on viable reform by that time. It decided, however, not to extend the expiry date beyond that. The CEB case is just an example. By delaying necessary reforms and decisions for long, the country loses chances and time in its challenge of growth and development.

My third concern is about the recent increase of the financial deficit of the Government. The budget deficit widened from around Rs.150 billion to Rs.200 billion in 2005 and is reported to go up to Rs.250 billion in 2006. We understand some difficulty of suppressing growing expenditure against the hike of oil prices and the tsunami damage. We can appreciate the eagerness of the Government to undertake various infrastructure projects for further development. It is also true that the foreign debt service ratio remains at a sound level of around 10%. So, maybe we need not worry too much about the financial situation in a long term.

However, the future of the financial position largely depends on the growth of the whole economy, efficient revenue system, and rational expenditure policy. To realize a high level of economic growth, you need substantial improvement of infrastructure, electricity and transportation in particular, and you need further development of human resources, practical education in particular. To enhance the revenue system and to rationalize expenditure, you need to carry on various reforms. Thus, development, reform and the financial position are all inter-related and the Japanese Government is concerned with them together.

Japan's Assistance and the Peace Process

Last week the Sri Lankan Government and the LTTE had a successful round of talks on the CFA in Geneva. Japan, together with the other co-chairs, has supported and encouraged both parties to have constructive talks and looks forwards to both parties making further progress through continuous meetings. Now I believe that it is useful and timely to explain Japan's assistance for development and reconstruction in relation to the peace process.

Japan hosted the Tokyo Conference on Reconstruction and Development of Sri Lanka in June, 2003 in order to encourage the peace process of Sri Lanka. For that purpose, the Tokyo Conference made a pledge of assistance of the international community amounting to US\$ 4.5 billion over four years. Though this pledge is not being fully implemented because of little progress made in the peace process, still Japan, for instance, is extending a substantial amount of assistance for development and reconstruction since 2003 up to today. The total amount counts roughly ¥110 billion (nearly US\$ one billion), including Tsunami related assistance and the new yen loan package announced yesterday.

This means that even in the latest years when the peace process stalled, Japan continuously provided a large scale of development assistance to Sri Lanka, because we knew that a need to develop the whole country would never cease. In the same period, Japan continued also to assist humanitarian and rehabilitation projects in war affected areas in the North and East, because we believed that actual rehabilitation and improvement of socio-economic life of those who suffered would be one of the best advocates of the peace process.

We highly appreciate the consistent policy of the Sri Lankan Government to eagerly promote reconstruction works in the North and East. Responding to requests of the Government,

Japan has assisted several projects like reconstruction of the Killinochchi Hospital, vocational training, livelihood enhancement, etc. Japan is by far the largest financial supporter of landmine clearance since 2003 and so far a sum of one billion yen has been granted to various demining activities in Sri Lanka. Further, more than half of the tsunami grant aid went to rehabilitation and reconstruction projects in the North and East, including the LTTE controlled areas.

Now, in order to accelerate reconstruction in the North and East, Japan is to provide assistance to new significant projects. They include "renovation and expansion of the Jaffna Teaching Hospital", "reconstruction of the Mannar Bridge", "development of coastal roads and other facilities in the Eastern Province". All these reconstruction works will, I hope, help confidence-building and the peace process. At the same time, enhanced observance of the ceasefire and improved confidence can help speedy implementation of reconstruction works.

The thing that matters is not how much money or funds are committed, but rather how much and how usefully actual projects are implemented. A good example is the Japan's tsunami grant aid of eight billion yen. In only the fourteen months after the tsunami, almost 100% of this grant has been used or contracted to be transformed to real schools, causeways, bridges, houses, renewed harbors, fishing boats, etc. throughout coastal areas in the South, East and North. It was all done through intensive regular consultation between my Embassy and the Sri Lankan Government. Why cannot we do the same thing to rehabilitate and reconstruct the war damaged areas including those controlled by the LTTE? I am confident that we can do that in a short time if the ceasefire prevails and if all the parties approach in a more practical way rather than tirelessly arguing formula or conditions.

Closing

The Japanese Government is ready to continue its development assistance to Sri Lanka and even to accelerate rehabilitation and reconstruction assistance to the North and East. It depends, however, on (1) whether you can carry on a consistent development policy, necessary reform, and sound financial management, and (2) whether the Government, the LTTE and all other parties can work closer to realize the non-violent process of peace. A violence free Sri Lanka will invite more development assistance and investment from all over the world, strengthen the financial position of the country and activate further reconstruction in the North and East. Development and peace-building have to go hand in hand, and the Japanese Government remains mostly willing to support both.

(2 March 2006, at the Residence of the Japanese Ambassador)

VI

Please Touch Clay

The upward development of the Seethawaka Industrial Park is a great interest of mine for two reasons.

Firstly, the Japanese Government was fully involved in the Seethawaka Industrial Park project from planning to financing. My Government strongly supported the project because we believed that it would provide investors and regional people with great opportunities for beneficial investment and job creation. Therefore, it is especially nice for me to witness the successful operation of the industrial park with more than 30 enterprises and over 1300 employees today.

Secondly, I believe that the manufacturing sector should play a central role in industrial development in Sri Lanka, and the growing success of this major industrial park would have a desirable effect on the industrial structure of this country.

On some other occasion, I stressed the essential importance of the value-creating or value-adding manufacturing industries for the future of this country. At present, among the top 50 companies in the country, only 17 are manufacturing companies while all others are making profit in banking, insurances, trading and other so-called money-flow businesses. Banking and trading are of course indispensable to the country's economic activities, but we can say by and large, they are not creating much value by themselves. There should be a better

balance between service industries and manufacturing industries and Sri Lanka needs to develop much more manufacturers that activate potentials of human and natural resources. As regards human resources of the country, you know much better than I, how high the quality of your work forces of this country; well educated, precise, persistent, probably No.1 in South Asia.

People cannot live welfare life just on flow of money coming in and out. You need a core or heart of Sri Lankan industry. That is manufacturing industry because it creates or adds values for the country and its people. To rely on imported finished product is easy way to meet economic demands, but it costs the country. If you don't create or add values in your own country and easily rely on imports of finished products, the national economy has to continue to borrow from outside.

Recently, I found an interesting article in a newspaper titled "Sri Lanka, where only white collar jobs are good jobs". The article argued how wrongly Sri Lankan education have been teaching students that everybody should seek for government jobs or white collar jobs, while looking down on labor and productive engagement. I think this is a fundamental problem of the country and you need to drastically and quickly change such an unproductive mentality, because Sri Lanka is very much behind in evolving practical education.

Once, I was told of a shocking story by a prominent Japanese professor, who came to Sri Lanka a few years ago to teach production of ceramics and pottery at an artifact school of a university in Sri Lanka. Students were quite good at theory and history of ceramics, but when he tried to teach practicals, the students refused to touch the clay. The professor was shocked by this reaction, which never happens in Japanese, American or European schools. But after repeated persuasion by the professor, the students gradually began to practice moulding pottery and enjoyed their skills unknown to them before. They eventually proved their great potential of skills and artistic sense which was

another surprise to that Japanese professor. Since then, students of that artifacts school of the university continue to produce high quality of artifacts pottery and find good jobs in relevant companies.

Sri Lankan people should change their out dated thought and weigh more on business and jobs of manufacturing production. In Japan, there is a tradition of respecting those persons who has skill of producing any product of high quality. A good carpenter is socially respected and well paid. A good cook can earn bigger money than a manager of a restaurant. I said, I was shocked by hearing that Sri Lankan university students refused to touch clay. But you may be shocked if I tell you that in Japan every year in spring, the Emperor of Japan goes down into muddy paddy field by himself and plants young rice plants with his hands. It is the long lasting ritual in Japan to pray for a good harvest for the year.

I hope that all managers and employees of enterprises in Seethawaka Industrial Park continue to work in god collaboration and achieve their respective business not only benefits the company and yourself but contributes to the sound development of Sri Lankan industries as a whole.

(15 October, 2005 at the Seethawaka Industrial Park)

VII

Appreciation of Flowers

There may be some people who don't like dogs or cats. Even there might be strange men who don't like women. But I don't think there is anybody who doesn't like flowers. Everybody, man or woman, old or young loves natural flowers. Flowers are a gift from nature for universal appreciation.

People in every corner of the world have its own history of appreciating the beauty of flowers. There may be two ways of appreciation; one is to visit the place where flowers and plants grow, and appreciate the beauty on the spot. "Hanami" in Japan is one of the most popular traditions of this kind of floral appreciation. In springtime most of Japanese population goes out for a "Hanami" picnic to public gardens, water banks and hilltops to appreciate cherry blossoms and enjoy spring. It has developed into a big part of the Japanese culture.

Another way of appreciating flowers is to bring flowers to your place, like house structure or ritual spot, and put them nicely for people's appreciation. People of the world have developed a variety of artistic skills and traditions to arrange flowers. Japan's Ikebana is one of them. It was originated over thousand years ago but elevated to a great form of arts in the 15th century during the Muromachi Period. In the modern time, various Ikebana schools extended their activities to the world and exchanged with western flower arrangements. As a result, today

we can enjoy various styles of floral arts as signified by the name of your Society, "Shi-En Ikebana & Floral Society of Sri Lanka"

Japan and Sri Lanka have many commonalities, among which what I believe most significant is the people's attitude towards nature. Both countries are bestowed with an abundance of flora, mountains, waters and ocean. People traditionally live closely with nature and not in contest with nature. It is with this background that Ikebana and other floral arts are well accepted and enjoyed by Sri Lankan people. In Sri Lanka, wherever places you visit, whether private houses, hotels, or public facilities, you find beautiful flowers placed in a vase welcoming you. Such a constant encounter with flowers makes you happy and rich, at least, in your mind.

(29 October, 2005 at the Flower Exhibition, excerpt)



Mr. Akio Suda,
was the Ambassador of Japan
to Sri Lanka
from November 2003 to July 2006.



Photograph by Lal Hegoda