

Statement by NAKAGAWA Makoto,
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to the Slovak Republic

Dear Members of the Parliament,
Dear Ministers, State Secretaries,
Dear fellow ambassadors, Excellences,
Dear distinguished guests,
Dear ladies and gentlemen,

Thank you very much for joining us tonight, to celebrate Japan's national day, the birthday of His Majesty the Emperor of Japan.

It is my great pleasure to welcome you tonight. Due to COVID, it was not possible for us to host this celebration in the past few years.

Four years ago, in May 2019, our Emperor acceded to the Throne, as the 126th Emperor of Japan. We Japanese are proud that our emperor system has been handed over from generation to generation, as a continuing pillar of the history of Japan. Now, Japan's Constitution defines the Emperor as the symbol of the State and unity of the people, deriving his position from the will of the people with whom resides sovereign power.

In October 2019, the Ceremony of the Enthronement of His Majesty the Emperor was held at the Imperial Palace in Tokyo, and Mme. President of the Slovak Republic, H.E. Mrs. Čaputová, was present and joined the celebration. On behalf of the Government of Japan, once again, I would like to extend my deep appreciation for her participation to the ceremony. The visit of Mme. President to Japan added a new page to the album of the friendship between the Slovak Republic and Japan. Thank you very much.

This year, 2023, marks the 30th anniversary of the establishment of the Slovak Republic. Taking this opportunity, I congratulate the 30-year anniversary of the Slovak Republic. Congratulations!

30 years may sound like a long period, yet when seen as a part of much longer process of nation building, it could be a relatively short period. In my view, what is more important for us would be to ask ourselves what changes my nation has accomplished in the 30 years in question.

About one month ago, BBC published a very interesting article about Japan's accomplishment in the past 30 years. The title of the article is; "Japan was the future but it's stuck in the past".

In celebrating 30-year anniversary of Slovakia, let me try to draw some lessons from what we experienced in Japan in the past 30 years, referring to this interesting article.

The article was written by a British correspondent of BBC, who first arrived in Japan in 1993, and spent past 10 years in Japan, getting married to a Japanese woman, bringing up their kids in Japan, and left Japan last month for their next destination. His graduation essay from Japan is full of sharp observation of and critical insights in Japan, and yet with his deep sense of admiration for Japan.

The article starts by his observation of what happened in Japan in the past 30 years;

"This is the world's third-largest economy. It's a peaceful, prosperous country with the longest life expectancy in the world, the lowest murder rate, little political conflict, a powerful passport, and sublime Shinkansen, the world's best high-speed rail network.

America and Europe once feared the Japanese economic juggernaut much the same way they fear China's growing economic might today. But the Japan the world expected never arrived. In the late 1980s, Japanese people were richer than Americans. Now they earn less than Britons.

For decades, Japan has been struggling with a sluggish economy, held back by a deep resistance to change and a stubborn attachment to the past. Now, its population is both aging and shrinking. Japan is stuck."

Having experienced Japan's tight border control during the COVID, he writes; "A hundred and fifty years after it was forced to open its doors, Japan is still sceptical, even fearful of the outside world."

After witnessing a critical situation of a small town near Tokyo, from which young people have left for jobs in cities, he concludes; "If you want to see what happens to a country that rejects immigration as a solution to falling fertility, Japan is a good place to start."

After pointing out that real wages in Japan have not grown as much as in the other advanced countries, he deplures; "But changes feel distant. In part, it's because of a rigid hierarchy that determines who holds the levers of power. The old are still in power."

All in all, the writer keeps stressing that issues in Japan today come from Japan's inaction to change in the past 30 years.

But at the same time, the writer confesses that after spending a decade in Japan, he gets used to the way Japan is and come to accept the fact that Japan is not about to change, and finishes his writing by asking a question; "Will Japan gradually fade into irrelevance, or re-invent itself? My head tells me that to prosper anew Japan must embrace change. But my heart aches at the thought of it losing the things that make it so special."

This essay provoked various repercussions in Japan. Some bashes him arguing he did not capture full picture of Japan. Others welcome such straightforward critics coming from outside Japan. I belong to the latter. Let me show how statistics support his arguments.

While Japan's GDP still ranks No. 3 in 2020, per capita GDP of Japan now ranks No. 27 in the world at US\$ 40,000. 30 years ago, it was No. 3 in the world.

Japan's trade structure has changed in the past 30 years and now Japan is on the verge of becoming a constant trade deficit country: in 1993 Japan was

the world No 1 trade surplus country, but now Japan's trade balance recorded deficit 8 times in the past 10 years, including last year.

Japan's public finance deteriorated hugely in the past 30 years; in 1993, debt to GDP ratio was 73%, but now it stands at 260% of GDP, ranked the worst in the world.

Japan's demographic change in the past 30 years also poses huge challenge for its public finance.

30 years ago, Japan's total fertility rate was already among the lowest in the world and it is still among the lowest in 2020 at 1.34. Japanese population already peaked out in 2007 at 128 million. It is now projected to decrease to about 100 million in 2050, 30 years from now.

Aging of Japanese society progressed rapidly in the past 30 years. While senior citizens over 65 shared 14% of the total population 30 years ago, in 2020 the ratio reached close to 30%, the second highest in the world, only after Monaco.

In late 1990s, the share of the social security spending to the government budget was around 20%. In 2020 it has risen to 35%, putting pressures on other important public investment programs, like education, science and technology. The size of the Japanese defense budget is only one-seventh of the social security budget.

Now, let me turn to Slovakia.

I believe everybody in this room will join me in praising Slovakia's huge economic success in the past 30 years.

Slovakia's GDP is now nearly 8 times larger than that of 30 years ago. It grew from US\$ 14 billion in 1993 to US\$ 105 billion in 2020.

Slovakia's income level also increased by more than seven times in the past 30 years. Starting from per capita GDP of US\$ 2,570 in 1993, it reached

US\$ 19,250 in 2020.

Slovakia's export grew by about 16 times in the past 30 years, from US\$ 5.5 billion in 1993 to US\$ 86.6 billion in 2020.

In 1993, Slovakia's trade balance was in deficit and was ranked No. 138 in the world. In 2020, it is in surplus of US\$ 2.3 billion, ranked No. 46, rising almost 100 steps up in the world ranking.

But, at the same time, it seems like past 30 years have brought to Slovakia new challenges for the next 30 years.

First, Slovakia is going to experience very rapid aging of its population. Currently, the ratio of senior citizens over 65 is about 17% of its total population, and it has not risen so much in the past 30 years. But, according to EUROSTAT, it is projected to rise very sharply in the next 30 years, reaching 30% at around 2050. This is almost equivalent to that of Japan today. Slovakia in 2050 will become one of the most aged society in EU countries, perhaps paralleling with Germany.

Second, with the rapid population aging, Slovakia's public finance is going to face challenges. Its debt to GDP ratio has risen from 22% in 1993 to 60% in 2020, already reaching to the Maastricht threshold. Given the recent new fiscal packages passed in the Parliament, I am worried Slovakia's debt to GDP ratio will continue to rise.

Third, Slovakia needs to establish new engines for growth. Its growth model in the past 30 years worked so well, but I am afraid up to now. Since I arrived in Slovakia 2 and half years ago, a couple of Japan's auto-related industries have decided to exit this country. Because Slovakia's labor market, which was internationally competitive to them when they came here, has lost its advantage for those labor-intensive businesses. Slovakia needs to change its business growth model, away from labor-intensive one to more knowledge-based one.

In this connection, I need to raise my worries over higher education in

Slovakia. I am not able to provide objective data, but what we hear is that one out five Slovak university students are studying outside Slovakia. I know I am not the only one who raises this worry.

Slovakia also needs to change, and Slovakia must not stick to the past, as the BBC correspondent quite rightly pointed out for the past 30 years of Japan. Challenges Slovakia will face during the next 30 years are quite similar to challenges we had in Japan in the past 30 years. Slovakia could draw lessons from Japan.

This year, 2023, is going to be a very important year for Slovakia, with an election coming at the end of September. Decisions made this year may have huge implications on its immediate future and longer-term. I hope voters in Slovakia will make a wise choice.

I apologize for my long statement today, but as an ambassador who admire this country I did it from my sincere hope that 30 years in time, no international correspondent based in Slovakia would want to write an essay titled as “Slovakia was the future, but it’s stuck in the past”

If it happens, my heart will ache.

Thank you.

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Bratislava