

Speech delivered by Selvi J Jayalalithaa, Hon'ble Chief Minister of Tamil Nadu during the inaugural function of the Plant of Toshiba JSW Turbine and Generator Private Limited on 12.2.2012

I am delighted to participate in this inaugural function of the factory of Toshiba JSW Turbine and Generator Private Limited. At the outset, I congratulate the management of Toshiba and JSW for establishing this state-of-the-art facility for the manufacture of super critical turbines and generators in Tamil Nadu.

I understand that Toshiba-JSW have so far invested about 650 crore rupees and currently employ about 370 persons and that this plant will fabricate super critical turbines and generators with capacities up to 1000 MW. The use of super critical and ultra-super critical technologies in power plants will help reduce the coal requirement of electricity generation. India is currently facing a problem of inadequate domestic manufacturing capacity for super critical turbines and shortage of power equipment, thereby delaying the implementation of power projects. Given this context, the plant of Toshiba-JSW assumes considerable importance. The inauguration of this plant marks yet another milestone in the annals of economic co-operation between India and Japan.

India and Japan have historical and civilisational ties going back in time. Our relations have been marked by mutual goodwill, amity and respect. This legacy has remained unbroken till today, well into the modern era, which has seen our bonds strengthen, based on our shared values of freedom, democracy and the rule of law.

India and Japan have a long history of cultural exchanges, primarily as a result of Buddhism which spread indirectly from India to China and then to Japan. Cultural exchanges between India and Japan began early in the 6th century with the introduction of Buddhism to Japan from India. The Indian monk Bodhisena arrived in Japan in 736 AD to spread Buddhism and performed the eye-opening of the Great Buddha built in Tōdai-ji. Buddhism and the intrinsically-linked Indian culture had a great impact on Japanese culture, which still continues to be pervasive.

In modern times, Japan has emerged as an important partner nation both in terms of trade and investment. Japan and India had agreed to establish "Japan-India Global Partnership in the 21st Century."

According to AT Kearney Foreign Direct Investment Confidence Index 2012, India is currently ranked the second most attractive nation for FDI following China.

India offers a huge market potential for Japanese companies. Japanese companies expect India to emerge as the second most important trading partner after China in the next three years. According to a survey by the Japanese External Trade Organization (JETRO), the increasing interest in India is due to its large market and the

macro-economic strength that has helped it minimize the impact of the financial crisis.

India and Japan have entered into a Comprehensive Economic Partnership Agreement (**CEPA**). This Agreement is the most comprehensive of all the agreements concluded by India in so far as it covers more than 90% of trade, a vast gamut of services, investment, IPR (Intellectual Property Rights), customs and other trade-related issues. With this, I am sure, Indo-Japanese economic relations will grow by leaps and bounds.

Within India, Tamil Nadu has been identified as one of the States with the most potential for Japanese investments. Recognizing the potential, the Ministry of Economy, Trade and Industry (METI), Government of Japan and Government of Tamil Nadu have signed a Bilateral Economic Co-operation Agreement to foster the economic relationship between Tamil Nadu and Japan.

Besides, the Japanese External Trade Organization (JETRO) has signed an economic Co-operation MoU with the Guidance Bureau of the Government of Tamil Nadu on 10th January, 2012.

Apart from JETRO, the Government of Hiroshima Prefecture as well as the Mizuho Bank have also signed such co-operation agreements with our Guidance Bureau. A few other prefecture Governments like Kanagawa and Aichi prefectures have also evinced interest in signing Co-operation agreements with Tamil Nadu. All these bear ample testimony to the importance given to promoting economic co-operation between Tamil Nadu and Japan.

Currently, Japan is ranked as the 5th largest investor in India with an FDI inflow of 7.18 billion US dollars during April 2000 to September 2011. Japanese FDI accounts for 4.8% of India's total FDI received during the afore-mentioned period. India and Japan signed the Convention for the Avoidance of Double Taxation in 1960 that facilitates FDI flows from Japan to India. In recent times, Tamil Nadu has emerged as a major recipient of Japanese FDI.

I understand that there are about 1422 Japanese companies having operational bases in India. Of these, 286 are located in Tamil Nadu. Today, Chennai has the largest number of Japanese company bases accounting for almost 20.11% of the total Japanese company bases operating in India. Also, Chennai is now home to about 700 Japanese expatriates.

At present, some large Japanese companies are considering substantial investments in Tamil Nadu. My Government will soon sign MoUs with these companies. I am glad that Japanese investors are increasingly looking at Tamil Nadu as an attractive investment destination.

Japanese companies have been evincing interest mainly in the Manufacturing Sector. Tamil Nadu is a leading State in India in this sector, chiefly because of the steadfast existence of the automobile and component industry. The auto sector accounts for about 60 per cent of

Japanese foreign direct investment in Tamil Nadu. I am confident that Chennai will emerge as the world's largest auto cluster.

Tamil Nadu has a number of competitive advantages to offer to Japanese investors. While Japan has skilled labour scarcity, Tamil Nadu with its rich capital of human resource endowments, is capable of meeting the needs of the Japanese industry. Today, Tamil Nadu is the most "technically powerful knowledge State" in the country. Abundant availability of skilled manpower at relatively lower wage costs, coupled with harmonious and peaceful industrial relations, are some of the distinct advantages that Tamil Nadu offers, making the State the most preferred investment destination.

A favourable investment climate with relatively cost-effective and high quality infrastructure offer the ideal platform for foreign investors to establish their production base in Tamil Nadu. Site evaluation studies of Nokia, Nissan, Daimler, World Bank, Ford, Hyundai, Saint Gobain, Stanchart, Xansa, etc., have found Tamil Nadu to be the "destination of choice" for Japanese investors.

Apart from Manufacturing, Japanese companies are evincing interest in investing in infrastructure projects also. The Joint Steering Committee consisting of the Government of Tamil Nadu and METI, Japan, has identified a number of infrastructure projects for co-operation. These include: Promotion of new Industrial Parks and Japanese Industrial Townships, Logistics Parks, Chennai-Bengaluru Corridor of Excellence, Waste Water Treatment and Desalination, etc.

My Government is very keen to upscale bilateral co-operation between Tamil Nadu and Japan by implementing some of the afore-mentioned Infrastructure initiatives.

My Government is aware of the infrastructure problems, particularly, the connectivity bottlenecks to Ennore Port currently faced by Toshiba and Nissan. On this occasion, I wish to assure you that my Government is taking steps to solve these Port connectivity related issues expeditiously.

My Government considers Japan as a very important partner. There is enormous potential for co-operation between Tamil Nadu and Japan. My Government will extend its full support to attract more Japanese FDI both in manufacturing and infrastructure. I invite Japanese investors to invest in Tamil Nadu, the Land of abundant opportunity!

Once again, I congratulate Toshiba-JSW and wish the Company a very prosperous future.

Thank You.

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