

PRESS RELEASE

A delegation of Japan Chamber of Commerce and Industry (JCCI) called on Selvi J Jayalalithaa, Hon'ble Chief Minister of Tamil Nadu today (22.9.2011) at the Secretariat, Fort St. George, Chennai. The delegation was headed by Mr. Tadashi Okamura, Chairman, JCCI and 26 others including Mr. Nobuo Ohashi, Chairman, India-Japan Business Co-operation Committee, Mr. Hiroshi Kamata, Vice-Chairman, JCCI, Mr. Susumu Atsuki, Director General, Economic Co-operation Bureau, Ministry of Economy, Trade & Industry, Japan and Mr. Masanori Nakano, Consul-General of Japan in Chennai.

During the meeting, an MoU was signed between JCCI and the Tamil Nadu Industrial Guidance & Export Promotion Bureau (Guidance Bureau) to facilitate Japanese investments in Tamil Nadu. The MoU was signed by Mr. Toshio Nakamura, President, JCCI on behalf of JCCI and Mr. M. Velmurugan, Executive Vice Chairman, Guidance Bureau on behalf of the Guidance Bureau, Government of Tamil Nadu. The MoU was exchanged in the presence of Hon'ble Chief Minister of Tamil Nadu, Selvi J Jayalalithaa.

Mr. Tadashi Okamura, Chairman, JCCI informed the Hon'ble Chief Minister of Tamil Nadu that since Tamil Nadu is found to be an ideal location for investment, many Japanese Companies are keen to invest in Tamil Nadu and requested the Hon'ble Chief Minister to provide adequate infrastructure facilities for this purpose.

During the meeting, Hon'ble Chief Minister of Tamil Nadu made the following observations: -

"On behalf of my Government and the people of Tamil Nadu, I am delighted to meet the Japanese delegation and extend a warm welcome to all of you.

India and Japan have historical and cultural ties. Our relations have been marked by mutual goodwill, amity and respect. This legacy continues intact into the modern era, which has seen our bonds strengthen based on our shared values of freedom, democracy and the rule of law.

Buddhism and the intrinsically-linked Indian culture had a great impact on Japanese culture and resulted in a natural sense of amicability between the two Nations. Ancient records from Nalanda University in India describe scholars and pupils who attended the school from Japan.

By 2030, India is set to become the third largest economic powerhouse. By 2050, India's GDP will be very close to that of the US.

India offers a huge market potential for Japanese companies. Japanese companies expect India to emerge as their third most important trading partner after the US and 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 have helped it minimize the impact of the financial crisis.

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 economic relationships 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 State Government. Apart from JETRO, the Government of Hiroshima Prefecture as well as Mizuho Bank have also signed such co-operation agreements with the 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 6th largest investor in India with an FDI inflow of US\$ 5.51 billion during April 2000 to April 2011. Japanese FDI accounts for 4% of India's total FDI received during the above period. India and Japan signed the Convention for the Avoidance of Double Taxation in 1960 that facilitates FDI flows from Japan to India. Tamil Nadu has emerged as a major recipient of Japanese FDI.

I understand that at present, in Tamil Nadu, there are about 248 Japanese companies. This however, does not include the representative offices of another 60 Japanese companies. Today, Chennai has the largest number of Japanese companies accounting for almost 30% of the total number of Japanese companies operating in India. Also, Chennai has become the home for about 700 Japanese expatriates.

Japanese companies are expressing a keen interest in the manufacturing sector. Tamil Nadu is a leading State in India in the manufacturing sector and this is chiefly because of the steadfast existence of the automobile and component industry. Chennai is a promising pitch for vehicles and auto parts exports and this city produces practically everything that moves – from bicycles to battle tanks (B to B) and everything in between, including motorcycles, cars, tractors, earth-moving equipment, trucks and even rail road coaches. Chennai is set to emerge as one of the Global Top Five auto clusters.

We are confident that Chennai will emerge as the world's largest auto cluster. The auto sector accounts for about 60 per cent of Japanese foreign direct investment in Tamil Nadu.

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 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 a harmonious and peaceful industrial ethos in the State, offer distinct advantages making Tamil Nadu the most preferred investment destination.

A favourable investment climate and relatively cost-effective and high quality infrastructure offer the ideal platform for foreign investors to establish their production base. Site evaluation studies of Nokia, Nissan, Daimler, World Bank, Ford, Hyundai, Saint Gobain, Stanchart, Xansa, etc., have found that Tamil Nadu is 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. Since Japanese companies have identified Ennore port as the gateway, there is potential for promoting one more Japanese Industrial township near Ennore.

To attract more Japanese companies, particularly medium sized companies, the Government of Tamil Nadu has proposed to establish a Japanese Industrial cluster near Chennai. I invite Japanese companies to participate in this initiative.

The Energy sector is yet another potential area, particularly in renewable energy. Japan can take advantage of the huge potential for solar power generation in Tamil Nadu. Solar Power Parks can be promoted by Japanese Infrastructure companies in southern Tamil Nadu.

One of the infrastructure initiatives proposed by METI, Japan, is the promotion of a Fuel Corridor concept that includes power projects and off-shore coal & LNG handling.

My Government is currently planning to establish a Petroleum, Chemicals & Petrochemicals Investment Region (PCPIR) between

Cuddalore and Nagapattinam. This is a very major infrastructure initiative of my Government to attract investments in chemicals and petrochemicals. We invite Japanese companies to invest in this PCPIR.

Japanese interest in the Delhi-Mumbai Industrial Corridor (DMIC) is also being deemed as a forerunner to big re-export oriented manufacturing investments in India. Considering the economic benefits of such a corridor, the Government of Tamil Nadu has proposed a Chennai-Bangalore Corridor of Excellence. METI has shown interest in this project.

Waste Water treatment and desalination are other very attractive investment opportunities in Tamil Nadu.

Tamil Nadu has 23 minor ports. My Government has announced a Policy framework to encourage Private sector participation to upgrade minor ports. Some of the minor ports like Kolachel offer excellent potential for development as major ports.

My Government is very keen to scale up bilateral co-operation between Tamil Nadu and Japan by implementing some of the above 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 want to assure you that my Government is taking efforts to solve these Ennore Port connectivity related issues to the satisfaction of Japanese investors.

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 Tamil Nadu, the Land of abundant opportunity!"

Hon'ble Minister for Finance, Thiru O. Panneerselvam; Hon'ble Minister for Industries, Thiru S.P. Velumani; Chief Secretary; Principal Secretary, Industries; Principal Secretary, Finance were present during this meeting.

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