

Key Note Speech for the Focus Session:
Effective Development Cooperation in Middle Income Countries
by Parliamentary Vice-Minister for Foreign Affairs, Seiji KIHARA
15:00-16:15, Tuesday, 15 April, 2014, Mexico City

Excellencies, distinguished delegates, ladies and gentlemen,

I would like to extend a warm welcome to all of you here today as a co-host of this Focus Session: Effective Development Cooperation in Middle Income Countries. Also, may I express my sincere appreciation to our co-organizers: the Organization of American States (OAS) and the United Nations Development Programme (UNDP), all speakers and panelists.

When talking about development in the world, people naturally look to LDCs or Least Developed Countries that are in desperate need for development. But equally important is to address challenges faced by Middle Income Countries which account for just under half of the world's population; are home to one-third of people across the globe living on less than 2 dollars a day; and are found in all geographical regions.

Of course, each Middle Income Country has different circumstances in terms of its country size, population, income level, development potential, and vulnerability against disasters and climate change. Thus, the solutions to their challenges must be tailored to their own circumstances and capacities.

Nevertheless, they all share a goal of tackling economic disparity and social divide through inclusive and sustainable economic growth. In this regard, Japan's fundamental principle of Human Security, aiming at realizing societies with no one left behind in terms of economic and social development, is appropriate in assisting Middle Income Countries, as it not only sheds light on the vulnerable in the society but also contributes to the countries' own effort of forming a thick layer of middle classes.

This, in fact, is the key to overcoming the so-called "middle income trap" where growth in Middle Income Countries becomes stagnant at the middle-income level and transition to a High Income Country is impeded. I should note that Low Income Countries could also face this challenge at some point in the future.

Japan, once being a middle-income country, has overcome such trap through high economic growth from 1955 to 1970 and later became the second largest economy in the world. But how we achieved it is the question.

First, Japan developed industries with high productivity and successfully transformed the industrial structure. Also, those private sectors including car industry have long been able to maintain high productivity through putting resources on technical innovation. Of course, such Corporate Japan was not built in a day. All of these were only made possible through 1) continuously promoting education and human resource development at every level as well as 2) developing institutional capabilities and facilitating business environment including development of infrastructure.

Our own lessons have built foundation for our support to East Asian countries, with a heavy focus on education and human resources development for over 40 years and on development of economic and social infrastructure. I am confident our philosophy of development cooperation can be applied to every corner of the world.

In concluding, I would like to thank all of you here today, especially my fellow Speakers and Panelists, for your valuable participation. I look forward to exciting discussions and creative ideas to find solutions for a variety of challenges faced by Middle Income Countries. Thank you very much for your attention.