

Masaaki Shirakawa: Wishing the best for the Bundesbank's new move in Tokyo

Remarks by Mr Masaaki Shirakawa, Governor of the Bank of Japan, at the reception to commemorate 25 years of the Deutsche Bundesbank in Tokyo, Tokyo, 6 September 2012.

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Good evening ladies and gentlemen.

It is a great honor to be invited to this reception celebrating the 25th anniversary of the Deutsche Bundesbank in Tokyo and the opening of its new and enlarged office. I would like to extend my sincere congratulations to Dr. Andreas Dombret and Dr. Joachim Nagel, the Executive Board members of the Bundesbank, Dr. Karlheinz Bischofberger, the head of the Financial Stability Department, Mr. Klaus Merk, the Representative of the new Tokyo office, and other staff members of the Bundesbank. Now please allow me to extend a few words of congratulations.

Relationship between Germany and Japan

Last year coincided with the 150th anniversary celebrating the signing of a treaty of amity and commerce between Germany and Japan. A variety of events were held in many places in both countries. In March 2011, I was given the opportunity to speak at Goethe University Frankfurt.¹ The commonly held image of Germany and Japan is that both countries are seen as nations with advanced manufacturing technologies and highly diligent populations. According to the global public opinion poll of 2011 conducted by the BBC World Service, Germany was seen as having the most positive influence. This year, Japan is top of this category with Germany as the runner-up. The reason for the positive perception of the two nations was their contribution to the global economy and to industry.

The history of modernization in Japan shows that the country learned a lot from Germany when establishing the social infrastructure necessary for its economic development in the nineteenth century. There are a number of stories related to the Germany-Japan relationship that every Japanese citizen knows. For example, in the early nineteenth century during the Edo period, at the time of Japan's self-imposed isolationist policy, a German medical doctor, Philipp Franz von Siebold, opened a school called *Narutaki-juku* near *Dejima* in Nagasaki, for Japanese people to learn Western medicine. Large parts of modern Japanese law, including the civil code, are based on German law. And, as a central banker, I must of course remind you of the great contribution made by Germany to banknotes in Japan. Today, Japan possesses the most advanced anti-counterfeit technology for banknotes. However, when the first notes were printed, Japan learned its printing techniques mostly from Germany. In 1872, ten years before the establishment of the Bank of Japan during the Meiji period, the Japanese government issued the first standardized yen notes, called the *Meiji Tsuho*. Since it was difficult with Japanese technology at that time to produce original plates with a delicate design and a pattern suitable to prevent counterfeiting, the Japanese government placed an order with a printing company in Frankfurt, Dondorf and Naumann, to create original plates for printing and asked for technical support.² In this regard, we owe a lot to Germany for the production of the first yen notes.

¹ See the Bank of Japan's website, Masaaki Shirakawa, "150 Years of Innovation and Challenges in Monetary Control," Speech at Goethe-Universität Frankfurt am Main in Celebration of the 150th Anniversary of German-Japanese Diplomatic Relations on March 8, 2011. http://www.boj.or.jp/en/announcements/press/koen_2011/data/ko110309a.pdf.

² See the Currency Museum page on the website of the Institute of Monetary and Economic Studies of the Bank of Japan: "Short Essays on Monetary History Contained in Monetary and Economic Studies: Paper Money in

Relationship between the Deutsche Bundesbank and the Bank of Japan

It is said that the German Chancellor Helmut Kohl once stated that “I did not like many of the monetary policy decisions of the Bundesbank, but as a citizen, I am very glad about the existence of the Bundesbank.” As this episode shows, the Bundesbank is well known for its independence and achievements in securing price stability.

The Bank of Japan opened its Representative Office in Frankfurt in 1956, and in the following year, the Bundesbank was established by succeeding the Bank deutscher Länder. Since then, cooperation and friendship between these two central banks has grown, and our representatives in Frankfurt have visited the Bundesbank and conducted various meetings so that both sides can exchange opinions, quite frankly and frequently, on important economic and financial issues. I would like to take this opportunity to express my sincere gratitude to all those who have contributed to nurturing the close bonds of cooperation and friendship between the Bundesbank and the Bank of Japan. Given the ever-increasing pace of economic and financial globalization, I believe the strong human networks that thrive among central bankers are becoming ever more important.

In addition, I would like to express our sincere gratitude for the heartwarming support from the Bundesbank a year and a half ago. As you know, on March 11, 2011, Japan was hit by the Great East Japan Earthquake. The President of the Bundesbank Regional Office in Hesse arranged a charity concert to be held in the office’s auditorium. Furthermore, a large number of German people donated a great deal of money to Japan through the International Red Cross. Such generous and heartfelt support proved once again that Germany is indeed our good friend, as they say in Germany, “In der Not erkennt man den wahren Freund (A friend in need is a friend indeed)”.

Expansion of Tokyo Representative Office

The Bank of Japan would like to congratulate the Bundesbank in Tokyo on its 25th anniversary and on the opening of its new enlarged office. The Bundesbank chose Tokyo as the home for one of its two overseas Representative Offices, together with New York. In addition, the Bundesbank made the decision to establish a trading office in Tokyo this September. The decision shows that the Bundesbank recognizes the importance of the Japanese economy as well as the role of the Tokyo financial market in the Asia-Pacific region. The Bank of Japan greatly appreciates the Bundesbank’s decision, which I believe will be highly welcomed by all the people involved in the Tokyo financial market.

Let me say in closing, that I strongly believe the enhancement of the new Tokyo office will deepen the friendship and cooperation, not only between the Deutsche Bundesbank and the Bank of Japan, but also between Germany and Japan. Congratulations.

Japan; 2-8 Shin-shihei Note (Meiji Tsuho Note)”. http://www.imes.boj.or.jp/cm/english_htmls/feature_gra2-8.htm.