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**Report of the Canadian Parliamentary Delegation  
respecting its participation  
at the Co-Chairs' Annual Visit to Japan**

**Canada-Japan Inter-Parliamentary Group (CAJP)**

**Tokyo and Osaka, Japan  
March 14 to 16, 2018**

## Report

The Honourable Paul J. Massicotte, Senator and Co-Chair of the Canada-Japan Inter-Parliamentary Group, conducted the Co-Chairs' annual visit to Tokyo and Osaka from March 14 to 16, 2018. He was accompanied by the Association Secretary, Mr. David Chandonnet. The purpose of this visit was to prepare the annual bilateral meeting to be held in Canada in 2018. The visit was also an opportunity for Senator Massicotte to meet the members of the Japan-Canada Diet Friendship League, parliamentarians, business leaders and various organizations. Also achieved through this visit:

- Objectives and parameters for the Bilateral Meeting discussed;
- Canada's profile in Tokyo and Osaka was raised through strategic engagement of Diet members, local officials and Japanese and Canadian businesses;
- Links between Canadian and Japanese parliamentarians reinforced.

A working dinner for the members of the Canada-Japan Inter-Parliamentary Group and the members of the Japan-Canada Diet Friendship League took place on Wednesday, March 14 in Tokyo. At that event, Senator Massicotte and members in attendance shared views on topics of common interest to both countries and themes that could be discussed at the bilateral meeting to be held in 2018. A late August or early September date was pencilled in for a meeting of this kind, but this remains to be confirmed due to the constraints of each country's parliamentary schedule and any unforeseen circumstances. Informal discussions among the parliamentarians focussed on various economic, political and social issues related to the current situation in Canada and Japan. The issue of commerce and trade in connection with the passing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) dominated many meetings and helped Senator Massicotte understand how Japan views the issue of trans-Pacific trade.

As is customary, the first official meeting of the delegation was held at the Canadian Embassy where Ambassador Mr. Ian Burney, accompanied by specialized diplomatic staff, briefed the delegation. During this briefing, topics of current interest in Japan were discussed such as the CPTPP, relations with Canada's federal and provincial governments, relations with the United States and the threat of tariffs on steel and aluminum, the security issue and the difficult relations with North Korea, the Abe government and its main challenges and, lastly, events in the South China Sea and relations between Japan and China.

### **1.1 Commerce, trade and security in Tokyo**

The first meeting with the Japanese was held with Mr. Yoshitaka Saito, Chairman of the House of Councillors Committee on Economy and Industry. One point discussed was the upcoming G7 meeting to be held in Charlevoix, Quebec, in June 2018. The discussion focussed in part on the CPTPP and Canada's ratification of the treaty. Both Canada and Japan, will benefit from this agreement, which will open markets for certain products and boost exports between the two countries. This discussion led to the issue pertaining to the Japanese economy that is dwindling demographics, remedies put forth by the Abe government and the Bank of Japan, and the mixed results of these efforts to

boost the Japanese economy. Part of this conversation briefly addressed the issue of regional security and the need for Japan to maintain good economic relations with the United States.

The delegation was then able to meet with the Chairman of the Committee of Security of the House of Representatives, Mr. Minoru Terada. The conversation quickly turned to the U.S. President's recent announcement that he would meet with Kim Jong-un in the near future. The situation in the Korean peninsula continues to be of concern to Japan, which is seeking a peaceful solution to assuage the situation with regard to the nuclear threat. The upcoming meeting between Presidents Abe and Trump was also discussed.

As always, the South China Sea issue has been an important topic of conversation ever since Chinese influence began to increase in the region and internationally. Mr. Terada stressed the importance of keeping international waters free from any undue restrictions or influence from certain countries. It is also anticipated that India will exert more and more influence in the Asia-Pacific region in the coming decades due to its demographic weight and economic growth. This will influence the Japan-India relationship, but also raises the question of Canada's role in the region. Japan is seeking to diversify its strategic alliances with its neighbours in the region, but also with its distant partners in the Pacific, including Australia and Canada. On this 90th anniversary of diplomatic relations between Japan and Canada, it is appropriate to stress the importance of the bond between the two countries at a time when tension reigns in Asia and many other parts of the world.

When the delegation met with the Liberal Democratic Party Director-General, Mr. Ryuji Koizumi, it was able to continue this discussion on the importance of Canada's friendship with Japan. Mr. Koizumi reiterated how important it is to both countries that they work together, especially to Japan, which has a stable and prosperous ally in Canada and with whom it is easy to create and maintain a partnership. The discussion then turned to the subject of free trade agreements, such as the CPTPP and NAFTA. The challenges Japan currently faces in terms of economic growth and an aging population were also discussed. Japan is counting on technological advancements such as artificial intelligence and on social changes such as increased participation of women in the labour market or late retirement for men in order to offset the shrinking workforce.

The delegation then had the opportunity to meet with Vice-Minister of Foreign Affairs Mr. Mitsunari Okamoto to discuss a number of important international issues, including international trade. Mr. Okamoto reiterated the benefits of the CPTPP and Japan's commitment to this agreement in which many politicians still believe, despite the pitfalls encountered thus far. Education was also discussed. Mr. Okamoto is very knowledgeable about Canada and North America and believes that Japanese students can benefit from studying in Canada. He emphasized that Japan would like to welcome more Canadian students. During the meeting, the importance of transnational investment and the need for the liberalization thereof was also addressed. Mr. Okamoto emphasized the flexibility and accessibility of the Canadian labour market compared to the American one, where the temporary economic immigration system is more complex and less accessible, sometimes prompting companies to choose to settle in Canada as opposed to the United States.

The issue of security in connection with North Korea was discussed once again with respect to UN sanctions and their impact on Pyongyang's recent attitude towards Japan and other Western countries. Canada's role in this area was discussed following its recent role as host of the Vancouver Summit on North Korea in January 2018, proving that the subject is an international and not simply a regional one. The meeting also provided an opportunity to discuss the renegotiation of the North American Free Trade Agreement and the current threat of U.S. sanctions on steel and aluminum imports that are causing concern for both parties.

Trade was discussed in great depth and detail in a meeting with Professor Yorizumi Watanabe. The delegation was able to address the subject of CPTPP implementation and its hoped-for results and was also able to talk about free trade agreements between Canada and other regions of the world such as Europe and South America, and of course the United States and Mexico. It emerged from these discussions that the Canadian agricultural sector could benefit from the CPTPP, in that it will be given the opportunity to increase its exports in a number of sectors such as dairy products and meat. Purchasing Japanese capital assets is difficult and limited by a series of controls and regulation limiting foreign takeovers. However, given that the U.S. does not currently participate in the CPTPP, Canada can take advantage of open markets and more easily export its products. During the meeting, the protectionist measures announced by the U.S. government regarding imports of steel and aluminum were also discussed. This measure worries Japan and Canada alike, and fears were expressed regarding retaliation against the United States and an unwanted growth in a protectionist trend internationally. To this end, the question of the role of the World Trade Organization and the challenges for multilateral institutions in this context was raised.

The delegation was then able to talk with senior business leaders, including Mr. Naohiko Abe, Head of Integrated Defense and Space Systems, Mitsubishi Heavy Industries (MHI) and his entourage, about this Mitsubishi division's production of military equipment. There may be opportunities for Canadian companies to collaborate with MHI, but to achieve this, the Japanese government has to continue working with the Canadian government. Japanese companies had not been allowed to export military equipment outside Japan until 2014, when the ban was lifted. If MHI and a Canadian company were to develop a joint project, and both governments cooperated on the joint project, it would be possible to access the high-tech equipment market. This is an area where progress has been made between Canada and Japan, but where much remains to be done.

In September 2016, during the Co-Chairs' last visit to Japan, the delegation had the opportunity to meet with Professors Kazumasa Iwata and Atsushi Saito to discuss security, commerce and trade, the world situation following events such as Brexit, geopolitics and tensions in the South China Sea and North Korea. The delegation met once again with Professor Saito, but this time with Mr. Paul Hunter, Secretary General of the International Bankers Association. This meeting provided an opportunity to continue some of the discussions undertaken in September 2016 and to follow up on changes to Japan's economic situation. International trade and the role of major supranational structures such as the World Trade Organization were also discussed.

The delegation was also able to gauge the sentiment of the population on some major social issues of the day such as social mobility, the progress of employees in the Japanese corporate structure, but also topics of interest such as real estate and construction.

Given that Hokuetsu Kishu Paper Co. Ltd. had acquired assets in Canada when it purchased Alberta-Pacific Forest Industries Inc. in October 2015, the Tokyo visit proved to be an excellent opportunity to visit the Japanese company's leaders, including the President Mr. Sekio Kishimoto who was accompanied by senior management representatives. The delegation's visit was particularly timely since Mr. Dale Bencharsky, the company's chief officer of Alberta operations, was also in Tokyo, enabling the delegation to gain a diverse perspective on operations of a Japanese company in Canada from the point of view of both its Japanese owners and its Canadian leaders. The company's Alberta plant is focussed on the development and production of cellulose nanocrystals, a value-added product providing significant marketing opportunities. There is a great deal of interest for this product in Japan and the company intends to make substantial investments in this green technology.

At the end of its visit to Tokyo, the delegation visited the offices of the Japan Association of Corporate Executives (Keizai Doyukai) and met with its senior administrators, Mr. Shigeru Yamazoe and Mr. Yukio Tada. The visit provided an opportunity to expand on a number of themes addressed in other meetings, including commerce and trade, the CPTPP, NAFTA, but also geopolitical topics such as North Korea and Sino-Japanese relations, and also social and demographic issues such as women's participation in the workforce, the small percentage of women leading companies or who sit on boards of directors, extension of the retirement age for men, access to childcare, and the birth rate. The Association, which represents a broad group of Japanese business leaders, believes that the solution to many of these challenges lies in part in the development of leading-edge technologies and artificial intelligence. This could, among other things, offset Japan's declining workforce. Japan is changing, and professional mobility, although less widespread than in Canada, for example, is becoming more and more of a possibility. Through this meeting it was possible to gather certain observations from influential players in the corporate world who believe that Japan must evolve socially, economically and technologically.

## **1.2 Commerce, trade and security in Osaka**

The second portion of the visit to Japan was held in Osaka, where the delegation had the opportunity to visit the Asia-Pacific Institute of Research (APIR) and meet with Executive Director Mr. Hiroshi Iwano, along with key managers. This organization is a think tank specializing in research and economic analysis of the Kansai region. During this visit, a number of topics discussed in the various meetings in Tokyo were reviewed, but this time from a much more academic angle. The organization publishes numerous studies annually on a variety of issues such as foreign investment, demographic change and its impact on the economy, trade in the Pacific region, the impact of public infrastructure on economic growth, etc. This meeting made it possible for the delegation to ask questions related to the information already collected during other meetings and to obtain a regional perspective on national issues facing the Kansai region and Japan as a whole.

The visit to Osaka also allowed the delegation to meet with the Kansai Pharmaceutical Industry Association (KPIA). The delegation was able to exchange with senior leaders Mr. Takashi Kunieda and Mr. Masafumi Yamagishi, accompanied by senior managers. The Association has participated in Canadian life sciences industry seminars for seven years. KPIA also conducted a mission to Canada in 2012. The meeting allowed the delegation to thank the leaders for their collaboration with the Canadian scientific community and also gave the delegation a portrait of the situation of the Japanese pharmaceutical industry. These visits, along with a meeting with Professor Masahiko Yamada, head of Kinki Bio, helped the delegation learn more about the organic food industry and provided scientific input to the delegation's mission. In addition, the interview with Professor Yamada was an opportunity to connect the realities of Canada and Japan in the field of science. Professor Yamada knows a great deal about Canada, particularly Saskatchewan, Ontario, Quebec and Prince Edward Island, since he has travelled extensively and worked with Canadian scientists in the agri-food sector. This meeting was successful since it also helped the delegation learn more about Japanese eating habits and their impact on longevity, in order to better understand how the two countries can work together and to determine the current and future challenges facing Japan's agricultural production.

The delegation took the opportunity of its trip to Osaka to visit a M0851 boutique. M0851 is a Montreal-based company that specializes in the production and sale of leather clothing and accessories, and which plans to expand in Japan in the coming years. The visit provided an opportunity to speak with the boutique's manager to learn more about the company's plans for their expansion in Japan as well as challenges facing the retail sector. The delegation was able to witness the success of the business first-hand and compare the Japanese and Canadian high-end product markets.

## **2.1 Diplomatic relations in Tokyo**

The meeting with the Diet Friendship League allowed the delegation to get acquainted with its new president, Mr. Seichiro Eto, as well as reconnect with some of its members who have an ongoing affiliation with the League, such as Ms. Shinako Tsuchiya and Mr. Masaharu Nakagawa. Dr. Kuniko Inoguchi also joined the discussion and was able to meet the delegation. These exchanges demonstrated the importance of parliamentary diplomacy between Canadian and Japanese representatives. The delegation was able to discuss various topics including the current visit to Japan and its objectives, current issues of concern to Canada and Japan such as North Korea, the CPTPP, the G7 meeting in June 2018 in Charlevoix, the energy sector, etc. These exchanges also highlighted some of the sociocultural differences between Canada and Japan, particularly with respect to the role of women in society and politics, gender parity in Cabinet composition and Canada's openness to immigration. The next visit of a delegation of Japanese parliamentarians to Canada, which could take place at the end of August or early September, was also brought up. This will still need to be confirmed at a later date according to the schedules of the parliamentarians of both countries.

## **2.2 Diplomatic relations in Osaka**

The Consul General of Canada in Osaka, Mr. Ushio Tsuda, is also the President of Tsuda Sangyo Co. Ltd., a residential construction firm and a lumber distributor that

imports forestry products from British Columbia. The delegation was able to talk to him about residential construction in Japan, his business experience in Canada and the state of the forest industry in Japan. Green energy, environmental construction technologies and energy production using biomass were also discussed. The delegation also took this opportunity to thank Mr. Tsuda for his work as Honorary Consul General of Canada and to express Canada's gratitude for the services rendered in the Kansai region and Japan.

The delegation also had the opportunity of meeting Osaka Vice Governor Mr. Jun Arai and reiterating the importance of the economic relationship between Osaka, the Kansai region and Canada. Mr. Arai has met with Canadian parliamentarians, including Ontario Premier Kathleen Wynne, in recent years. The region has also prepared an agreement with British Columbia for the development of green energy technologies. In addition, Osaka has made a bid to host the 2025 World Expo and local parliamentarians are promoting their project to their foreign counterparts. Osaka is banking on this event to showcase Japanese culture and increase the international profile of the region. There has also been a substantial increase in tourist traffic in the last 20 years, with 20 million tourists in 2017, creating a positive tourism balance (for the first time more tourists from outside have been welcomed than there are local residents travelling outside the area). The cultural and tourism sector could prove to be an area ripe for agreements with Canada and relationships built between local and Canadian businesses.

During their visit to Japan, the delegation met more than fifty politicians, diplomats, university professors and researchers, and business leaders and directors. The delegation was able to highlight the range of trade and economic opportunities that Canada has to offer. This visit is an example of parliamentary diplomacy in action allowing Canada to reaffirm its support for an important partner. It serves Canada's interests in its relations with the major economy and pillar of the international community in Asia that is Japan.

Respectfully submitted,

Hon. Jim Munson, Senator  
Co-Chair  
Canada-Japan  
Inter-Parliamentary Group

Mr. Terry Sheehan, M.P.  
Co-Chair  
Canada-Japan  
Inter-Parliamentary Group

## Travel Costs

<b>ASSOCIATION</b>	Canada-Japan Inter-Parliamentary Group
<b>ACTIVITY</b>	Co-Chairs' Annual Visit to Japan
<b>DESTINATION</b>	Tokyo and Osaka, Japan
<b>DATES</b>	March 14-16, 2018
<b>DELEGATION</b>	
SENATE	Hon. Paul J. Massicotte, Senator, Co-Chair
HOUSE OF COMMONS	
STAFF	Mr. David Chandonnet, Association Secretary
<b>TRANSPORTATION</b>	\$21,872.00
<b>ACCOMMODATION</b>	\$3 830.91
<b>HOSPITALITY</b>	\$971.26
<b>PER DIEMS</b>	\$1,957.56
<b>OFFICIAL GIFTS</b>	\$566.43
<b>MISCELLANEOUS</b>	\$3,897.30
<b>TOTAL</b>	<b>\$33,095.46</b>