

Canada - Japan
Inter-Parliamentary Group



Groupe interparlementaire
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**Report of the Canadian Parliamentary Delegation
respecting its participation at the
18th Bilateral Meeting**

Canada-Japan Inter-Parliamentary Group

Tokyo and the Tohoku region, Japan

May 20-25, 2012

Report

The Canadian delegation to the Canada-Japan annual consultations was led by Canada-Japan Inter-Parliamentary Group (CJIG) Co-Chairs Senator David Tkachuk (CPC, Sask.) and Mike Wallace, M.P. (CPC, Burlington, Ont.). Other members included Parliamentary Secretary Gerald Keddy (CPC, South Shore-St. Margaret's, N.S.); Parliamentary Secretary Pierre Lemieux (CPC, Glengarry-Prescott-Russell, Ont.); Senator Mobina Jaffer (Lib., B.C.); Ryan Cleary, M.P. (NDP, St. John's South-Mount Pearl, N.L.); Colin Mayes, M.P. (CPC, Okanagan-Shuswap, B.C.); and Marc-André Morin, M.P. (NDP, Laurentides-Labelle, Que.). The delegation was accompanied by Mr. Roger Préfontaine, Delegation Secretary. The official program lasted from Saturday, May 19 to Friday, May 25, 2012. A list of participating Japanese Diet members (Appendix A) and Trade Statistics between Canada and Japan (Appendix B) are attached.

The 18th Annual Canada-Japan Inter-Parliamentary Meeting brought a delegation of eight Canadian parliamentarians to Japan for a program that included formal and informal discussions with their Japanese counterparts, a fact-finding tour to view reconstruction efforts in the disaster-affected regions of northern Japan, and commercial calls on Canadian and Japanese business groups and major Japanese investors in Canada (Toyota, Mitsui Trading, and Sapporo). All parliamentary and corporate interlocutors expressed strong support for Canada-Japan free trade negotiations, seeing Canada as a strategic economic partner and reliable source of energy. Opinions about Japanese participation in Trans-Pacific Partnership negotiations, though, were more mixed. Public policy discussions once again underlined the value of exchanging ideas with Japan, a country with a similar level of development but different approaches to many problems. Overall, the visit helped strengthen personal relationships between parliamentarians from both countries, and also allowed Canadian advocacy to Japanese decision-makers on priority issues such as our recently launched bilateral trade negotiations. The level of engagement from the Japanese side showed that the Canada-Japan relationship remains one of the most active inter-parliamentary exchanges either side participates in.

Bilateral Policy Discussions

The centrepiece of the visit was the formal annual consultations between the Canadian parliamentarians and their counterparts from the Japan-Canada Diet Friendship League. These talks covered: (1) economy and trade, including Economic Partnership Agreement (EPA) negotiations and the Trans-Pacific Partnership (TPP); (2) environment and energy, including climate change; (3) fiscal reconstruction and public service reform; and (4) Asia-Pacific regional security, including China and the United States.

The Japanese side used the **economy and trade** discussions to lay out their country's FTA/EPA "portfolio," which includes active agreements with 12 countries and one region, ongoing negotiations with four countries and one region (including Canada), and studies/discussions with one country and three regions. Turning to Canada-Japan EPA

negotiations, Diet League Secretary General (and former Ministry of Economy, Trade and Industry Minister) Akihiro Ohata summarized the key points of the joint study and described the current structure of Canada-Japan goods trade. Speaking for Canada, Parliamentary Secretaries Keddy and Lemieux expressed enthusiasm for bilateral negotiations and stressed Canada's appeal as a trade and investment partner. PS Lemieux also applauded Japan's willingness to re-examine restrictions on Canadian beef using a science-based approach. Mike Wallace, M.P., noted that the automotive industry in his constituency opposes a Canada-Japan EPA, but that he has told them they should look for ways to benefit from an agreement rather than trying to block it; he encouraged Japanese parliamentarians to send the same message to reluctant Japanese industries.

The Japanese side asked several questions about Canada's trade policy. As to how Canada would reconcile TPP pre-conditions with our commitment to supply management, PS Keddy and Lemieux said we would not pre-negotiate but we would put everything on the table inside the negotiation, where we know all participants will have sensitivities they're concerned about. In response to a question premised on the assumption that NAFTA was bad for Canada, PS Keddy and Senator Tkachuk emphasized the positive impact free trade has had on Canadian manufacturers and other industries such as wine. All Japanese participants – even those opposed to TPP – spoke favourably about the potential benefits of a Canada-Japan EPA. One participant noted Japan's interest in investing in Canada's natural resources sector.

Senator Tkachuk led off the **energy and environment** discussion by stressing Canada's need to diversify economically beyond reliance on the US market, and our potential appeal to Japan as a reliable supplier of energy. He also noted that we must honour our commitments on climate, and that both Canada and Japan believe solutions to climate change must include all major emitters. Speaking for Japan, DPJ member Kuniko Tanioka outlined the environmental cost of the Fukushima nuclear disaster, as well as Fukushima's implications for Japan's energy policy. She said Japan must diversify its energy sources away from nuclear energy, and noted Japanese interest in new technologies related to decommissioning reactors, handling and processing spent fuel, and decontamination of areas affected by radioactive fallout. The Japanese participants described Japan's pre-disaster nuclear regulatory system in very negative terms ("20 years behind the international standard"), and remarked that the disaster destroyed trust in government. Several Japanese speakers noted, only half in jest, their country's interest in "good deals" on LNG and shale gas from Canada; Shuji Kira, a former Parliamentary Secretary of Foreign Affairs who recently visited Ottawa, said the EPA was strategic for this reason.

Lower House member Yuichi Goto spoke first under **fiscal and public service reform**. He outlined Japan's parlous public debt situation, where over half of state expenditures are now funded with new borrowing, social security expenditures are steadily rising as the population ages, and even with Japan's low interest rates debt-servicing accounts for a quarter of all government spending. Goto argued in favour of raising Japan's consumption tax (a controversial issue currently facing the Japanese Diet), and outlined how the government's proposal in this area would also strengthen Japan's social safety net. He turned finally to the Japanese civil service, pointing out that even though it is

already quite small by international standards (at 31 per 1000 workers, versus 78 in the USA), Japan is further reducing both civil service size and salaries. CJIG Co-Chair Wallace spoke in reply, outlining Canada's new budget and plans to return to fiscal surplus by 2015, including through public service cuts. In response to Canadian questions, the Japanese side explained ongoing discussions about reducing the number of Diet members and civil service benefits, and also described provisions for assisting non-Japanese widows affected by the 2011 earthquake and tsunami (they are eligible for existing assistance programs, and also given help in returning to their previous homes if they desire).

M.P. Ryan Cleary set the scene for **regional security** discussions, stressing the shared interests and values that bind Canada and Japan and our history of cooperation in multilateral fora and UN operations. He also highlighted the 2010 Canada-Japan Joint Declaration on Political, Peace and Security Cooperation, and the inaugural "2+2" dialogue among deputy ministers of foreign affairs and defence from both countries the following year. In reply, Shuji Kira outlined Japanese defence policy, including Japan's all-important alliance with the United States and the new concept of "dynamic defence" contained in the National Defence Program Guidelines of late 2010. He noted that the Japanese Self-Defence Forces (SDF) are charged not only with protecting Japan but also with improving the security environment in the Asia-Pacific region and globally, and in this context outlined Japanese contributions to several UN missions as well as its response to the recent North Korean missile launch. He stressed the increasing complexity of Japan's security environment due to the threat emanating from North Korea and the lack of transparency of China's increasing military expenditures. In response to a question from PS Lemieux, who served in the Canadian Forces for 20 years, Mr. Kira said Japanese public appreciation for the SDF had increased due to the key role the military played in post-tsunami relief operations last year, and that Japan intends to keep force levels roughly constant while trying to increase effectiveness via the "dynamic defence" concept [which involves increased mobility and greater focus on air and naval power compared to ground forces].

Besides the formal meeting chronicled above, the official annual consultations also included a luncheon hosted by Japanese House of Representatives Speaker and Diet League President Takahiro Yokomichi, an evening harbour cruise with Japanese Diet members, and a reception at the Canadian embassy, all of which provided opportunities for informal relationship-building between Canadian and Japanese parliamentarians.

Visit to Disaster-Affected Regions in Northern Japan

Before the annual consultations began, the Canadian delegation travelled north of Tokyo for three days to witness first-hand the impact of the March 2011 earthquake and tsunami, as well as ongoing reconstruction efforts. Members of the Japan-Canada Diet Friendship League accompanied throughout.

The first stop up north was Shiogama Catholic Church, which was the home of Father André LaChapelle, a Canadian priest and long-time resident of Japan who died while trying to return to his parish from nearby Sendai after the earthquake. Marie-Josée Brassard, a Canadian resident of Sendai who knew Father LaChapelle, told the story of

his life and death, and a group of parishioners provided a warm welcome at the church itself.

Driving tours along the coast and stops at the hard-hit communities of Ishinomaki and Rikuzentakata gave the delegation a clear idea of the destruction wrought by the 11 March tsunami. Ishinomaki lost over 3800 dead and missing (2.3% of the population), with 70% of homes and a majority of factories damaged or destroyed, and 13% of the city (including 20% of the area's farmland) washed out or submerged. Rikuzentakata, a smaller community, was even more grievously affected, losing almost 2,000 of 24,000 people (i.e. 8% of the population) and virtually all public buildings. The delegation was led around Ishinomaki by the constituency secretary of Finance Minister Jun Azumi, in whose electoral district the town lies. In Rikuzentakata they were briefed by Deputy Mayor Takashi Kubota and Diet member Tooru Kikawada, who lost almost his entire family in the disaster.

Both Ishinomaki and Rikuzentakata have ambitious reconstruction plans, which will re-establish residential and industrial areas and protect the communities from future tsunamis via seawalls, dikes and landfill. In both cases, reconstruction is expected to take up to 10 years. As well as the sheer expense of these plans (to be borne largely but not entirely by the central government), both communities face tough challenges of sequencing, since reconstruction of homes, shops and factories cannot proceed until large-scale civil engineering projects such as building dikes, raising the land, and flattening out hillsides farther above sea level, are complete. However, until homes are rebuilt and new sources of employment are established, residents will be tempted to move elsewhere, perhaps never to return. For the time being, the main local source of employment in Rikuzentakata appears to be reconstruction, and particularly sorting and disposing of debris left over from the destruction. In response to a question about how Canada can help, Rikuzentakata officials stressed the importance of employment, and perhaps assistance to the fishing industry (they noted that they lacked fishing boats). They also emphasized the importance of long-term rather than short-term assistance.

The visit to northeastern Japan also included touristic components, as the Japanese hosts sought to demonstrate that the region is once again open for business and rich in both culture and scenery (for example the Hiraizumi temple complex, recently designated a UNESCO World Heritage Site, and the islands of Matsushima Bay, which are known as one of Japan's "Three Beautiful Views"). The delegation also made a courtesy call on Iwate Prefecture Governor Takuya Tasso, who thanked them for Canada's post-disaster assistance, and also attended dinners hosted by Governor Tasso and Miyagi Prefecture Vice-Governor Masahiro Wako.

Commercial Calls

Reflecting the importance of economic issues among current Canadian priorities and in the Canada-Japan relationship, the parliamentary delegation met with the Japan Business Federation (Keidanren), the Canadian Chamber of Commerce in Japan, and three major Japanese investors in Canada (Sapporo, Mitsui, and Toyota).

Parliamentary Secretaries Lemieux and Keddy briefed **Keidanren** on the state of the Canadian economy and the anticipated benefits of a bilateral free trade agreement with Japan. Mr. Akio Dobashi, Co-Chairman of the Keidanren Committee on Canada and

Director of Sojitz Corporation (a trading house), expressed his organization's support for both bilateral free trade and the Trans-Pacific Partnership, and said Keidanren is currently surveying its membership to identify Japanese priorities for the negotiations with Canada. Most of the lunch discussion focused on TPP, including our respective attitudes regarding "pre-negotiation" demands from the United States. When asked whether his organization supports Japan pre-negotiating its entry, Keidanren International Bureau Director Kazuyuki Kinbara said Keidanren has urged the Japanese Prime Minister to deal with the issues raised by the US if these are legitimate. He further suggested that US concerns vis-à-vis Japan Post have some legitimacy, and that Japan is making progress on US concerns about beef restrictions. He rejected US complaints about Japan's auto sector, arguing that US manufacturers are unsuccessful in Japan not because the market is closed but because of their business strategies (he contrasted the success European car companies have had); however, he did allow that there could be room for dialogue on non-tariff issues.

Discussions with the **Canadian Chamber of Commerce in Japan** focused on identifying the priorities of Canadian business vis-à-vis EPA negotiations. The emphatic answer from Canadian participants was progress on non-tariff barriers. Several Canadian business people, particularly those involved in the education sector, expressed dissatisfaction with the recent closure of the visa section at the Canadian Embassy in Tokyo, questioning both the decision to discontinue visa services in such an economically important country, as well as the manner in which the decision was implemented.

Mr. Fumiaki Terasaka, President of **Sapporo Breweries**, explained his company's reliance on Canadian malting barley, grown by Saskatchewan farmers in collaboration with Sapporo, as well as its significant investments in Canada (it owns Canadian brewers Sleeman and Unibroue). Aware of Sapporo's capacity issues in North America, CJIG Co-Chair Wallace encouraged Sapporo to consider expanding its facilities at Sleeman's location in Guelph. In response to a comment from Dr. Kensuke Ogushi (who supervises Sapporo's malt and barley purchasing) about Sapporo's desire for access to higher-quality products, CJIG Co-Chair Sen. Tkachuk offered to host a meeting of stakeholders, including the University of Saskatchewan, when Dr. Ogushi next visits Saskatchewan. In response to a question about the impact of elimination of the Canada Wheat Board, Dr. Ogushi stated that Sapporo had been frustrated with the barley pricing system under the Wheat Board, and was therefore now hopeful for better pricing.

Representatives of **Mitsui & Co.**, one of Japan's largest trading companies, outlined the scale and diversity of their company's activities in Canada, which include exporting coal, potash, metals, canola and pork; automotive distribution and logistics (through 50% ownership of Toyota Canada and full ownership of Transfreight van lines); and energy (50% ownership of a 1000MW natural gas plant in Ontario, and a minority stake in Japan Canada Oil Sands). They expressed interest in renewable energy investments in Canada, as well as support for Canada-Japan free trade negotiations.

At **Toyota**, Managing Officer Osamu Nagata emphasized the company's history in Canada, which includes both manufacturing and R&D. Asked about the potential benefits of a Japan-Canada EPA, Nagata said Toyota looks forward to the elimination of

Canada's 6.1% tariff on Japanese automobiles. Although this would not cause Toyota to move production from Canada to Japan (since costs in Japan are so high, partly due to exchange rates), it would level the playing field between Japan and other countries that already have tariff-free access to Canada. CJIG Co-Chair Wallace asked Toyota to consider Canada's low and sustainable corporate taxes in deciding where to situate future investments. In response to a question, Nagata expressed concern about ensuring stable power supplies for Japanese factories after the shutdown of the country's fleet of nuclear reactors. He said that while mandated 10% cuts in power usage would be achievable, the 15-20% cuts being discussed would cause Toyota's smaller suppliers to go out of business or move offshore.

Conclusion

The 18th Bilateral Meeting between Japanese and Canadian parliamentarians was vigorous, amiable and spirited. Both sides worked hard to strengthen the relationship that exists between both countries and focussed on common values and ideals. The discussions were positive and constructive and allowed both sides to learn about the perspective of their counterparts. The participants look forward to continuing these discussions during the 19th Bilateral Meeting which will take place in 2013 when Japanese parliamentarians visit Canada.

A summary of the expenditures incurred for this activity is also appended.

Respectfully submitted,

Hon. David Tkachuk, Senator
Co-Chair
Canada-Japan
Inter-Parliamentary Group

Mr. Mike Wallace, M.P.
Co-Chair
Canada-Japan
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-Japan Inter-Parliamentary Group
ACTIVITY	18th Bilateral Meeting with the Japan- Canada Diet Friendship League
DESTINATION	Tokyo and the Tohoku region, Japan
DATES	May 20-25, 2012
DELEGATION	
SENATE	Hon. David Tkachuk, Association Co- Chair and Leader of the Delegation Hon. Mobina Jaffer
HOUSE OF COMMONS	Mr. Mike Wallace, Association Co-Chair and Leader of the Delegation Mr. Gerald Keddy Mr. Pierre Lemieux Mr. Colin Mayes Mr. Ryan Cleary Mr. Marc-André Morin
STAFF	Mr. Roger Préfontaine, Delegation Secretary
TRANSPORTATION	\$71,612.98
ACCOMMODATION	\$17,390.67
HOSPITALITY	\$2,874.50
PER DIEMS	\$2,618.58
OFFICIAL GIFTS	\$1,506.39
MISCELLANEOUS / REGISTRATION FEES	\$1,757.20
TOTAL	\$97,760.32

Appendix A

List of Parliamentarians from the House of Counselors and the House of Representatives of the Diet of Japan met by the Delegation

House of Representatives

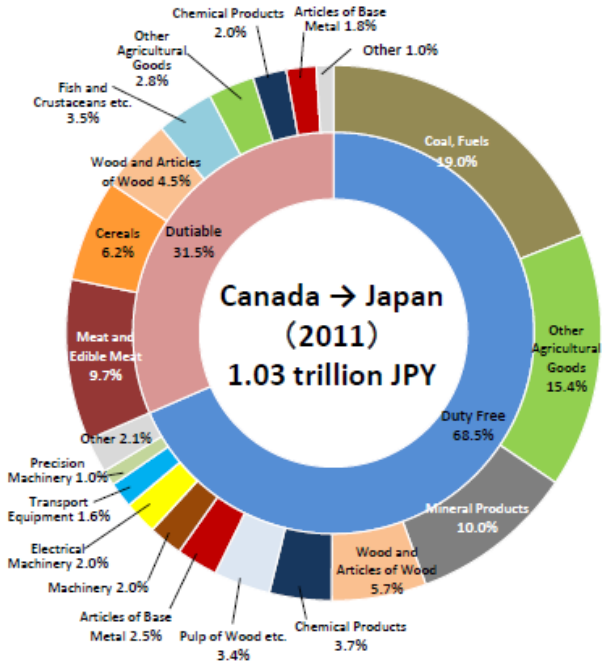
H.E. Mr. Yokomichi Takahiro
Mr. Nakai Hiroshi
Mr. Nakagawa Masaharu
Ms. Koike Yuriko
Mr. Murata Yoshitaka
Mr. Takemoto Naokazu
Mr. Ohata Akihiro
Mr. Goto Yuichi
Ms. Ebata Takako
Mr. Fukushima Nobuyuki
Mr. Hamamoto Hiroshi
Mr. Ikeda Motohisa
Mr. Kikawada Toru
Mr. Nakayama Yoshikatsu
Mr. Matsuzaki Kimiaki
Mr. Moriyama Hiroyuki
Mr. Shigeno Yasumasa
Mr. Tamaki Denny
Mr. Tamaki Yuichiro
Mr. Kawagoe Takahiro
Mr. Kumagai Sadatoshi
Mr. Kuwabara Isao
Mr. Kii Takashi
Mr. Kira Shuji

House of Councillors

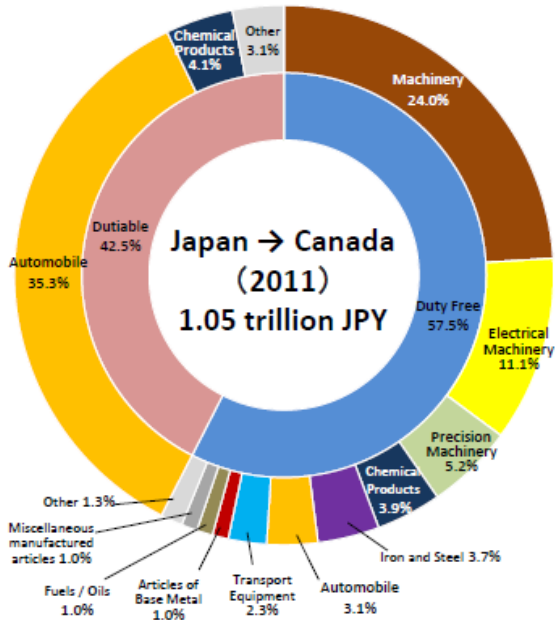
Mr. Fujitani Koshin
Ms. Kamei Akiko
Dr. Tanioka Kuniko
Mr. Sakurai Mitsuru

Appendix B

Trade Structure between Canada and Japan



Data : Trade Statistics of Japan, Japan's Tariff Schedule(Ministry of Finance)



Data : Global Trade Atlas, WTO-IDB