

Canada - Japan
Inter-Parliamentary Group



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

Canada-Japan Inter-Parliamentary Group

**Tokyo, Japan
April 4 – 10, 2009**

Report

The Honourable Bryon Wilfert, P.C., M.P., and the Honourable David Tkachuk, Senator, Co-Chairs of the Canada-Japan Inter-Parliamentary Group (CJIG) conducted the CJIG annual Co-Chair's visit to Tokyo (Japan) from April 4 to 10, 2009. The primary purpose of the visit was to build upon the 16th Annual Bilateral Meeting of Canadian parliamentarians and Diet members held in Japan in July 2008 as well as to discuss the parameters for the upcoming 17th Bilateral Meeting between Canadian and Japanese parliamentarians. The visit also allowed the Co-Chairs to reaffirm to their Japanese counterparts the importance of the Canada-Japan partnership. The Co-Chairs were accompanied by Ms. Elizabeth Kingston, Executive Secretary for the CJIG.

Objectives

- To follow-up on the Canada-Japan Inter-Parliamentary Group/Japan-Canada Diet Friendship League 16th Bilateral meeting of July 2008 and to discuss the objectives and parameters for the 17th Bilateral meeting;
- To raise Canada's profile in Tokyo through strategic engagement of Diet members, local officials and Japanese and Canadian businesses; and
- To reinforce links between parliamentarians from Canada and Japan

Participants:

A complete list of people whom the Co-Chairs met appears in Appendix A of this report.

Tokyo:

The Co-Chairs began their visit to Tokyo by receiving briefings by Ambassador Jonathan Fried and Program Managers of the Canadian Embassy. Recurring themes throughout the Tokyo meetings between the Co-Chairs and their Japanese counterparts were bilateral relations, domestic and international politics, trade and investment including the global financial crisis and the potential for the establishment of a Canada-Japan economic partnership, the environment and climate change, peace and security and future bilateral meetings between the CJIG and the Japan-Canada Diet Friendship League.

Japan-Canada Bilateral Relations

Japan and Canada enjoy a privileged relationship, based on similar values such as the rule of law, a common approach towards business and banking, strong social programs and long democratic traditions. The strength of the relationship is evident in the fact that over a two year period, from 2008 to 2009, both countries have been celebrating the 80th anniversary of bilateral diplomatic relations following the opening of Japan's mission in Canada in 1928, and the establishment of Canada's mission in Japan in 1929. Canada and Japan share a most cooperative association on many multilateral fronts, including the G8, APEC and the OECD. They share a common interest in helping to shape the future of the Asia-Pacific region, working to advance its economic viability, foster political relations, and ensure the development of less advantageous regions. The

solid collaboration is based on personal and economic ties and firmly demonstrated by the visit of their Majesties, the Emperor and Empress of Japan in July 2009. Emperor Akihito visited Canada in 1953 while he was still Crown Prince, but this marks the first visit by a reigning Japanese Emperor. Such high level visits have contributed significantly to the mutual respect and appreciation shared by both countries. Moreover, both realize the benefits of long-term joint investment projects and further integration of the Japanese and Canadian economies and governmental initiatives. On the security front, Japan is a key partner for Canada, given its dynamic role in the Asia-Pacific region and its role in Afghanistan. Strong people-to-people links are sustained through immigration, tourism, work–study abroad programs, and an appreciation of western pop culture. Finally, while this relationship is already robust, efforts to strengthen it should be pursued on all levels of government and society to enhance further its already strong nature.

Japanese Domestic and International Politics

The Co-Chairs were appraised of the current political situation in Japan. At the time of the visit, the August 30 election had not been called and there existed a marked level of turmoil in domestic politics. The August 2009 election results certainly rejected the status quo while centring on issues related to solving the economic crisis, as well as economic security issues such as unemployment, healthcare and pensions. Yukio Hatoyama and the DPJ (Democratic Party of Japan) won a landslide victory, thereby sweeping away more than 50 years of nearly unbroken rule by the conservative LDP (Liberal Democratic Party). The DPJ won 308 of the 480 seats in the House and then formed a coalition with the two smaller parties – the Social Democratic Party and the People’s New Party – to give it a majority in the upper House. Apart from a two-year period, the LDP had been in power continuously since its founding in 1954. Domestically, Japan has continued to face a crisis over the ageing of Japanese citizens and the increased cost which this would cause for social services, a problem which was a large contributor to the increasing Japanese national debt. Japanese voters had been experiencing an increasing frustration with the LDP policies, particularly in the area of social need, and the resulting election outcome was very much a protest to these policies.

In international relations, Japan hosted a most successful G-8 leaders’ summit and has been working to strengthen relations with the Republic of Korea and China in the hopes of creating closer economic collaboration between the three Asian nations. Also, Japan continues to maintain its firm alliance with the United States of America. In January 2008, Japan adopted a special law allowing for the continued Japanese refuelling of allied ships in the Indian Ocean, an initiative which was appreciated by Canada and all other allied nations involved in international efforts to combat terrorism.

One issue of concern was raised by the Co-Chairs with respect to Japan’s accession to the Hague Convention on civil aspects of international child abduction. Given the large number of unresolved abduction cases resulting from children being brought to Japan following a divorce or separation, Canada has been pushing for Japan to become a signatory to the 1980 *Hague Convention on the Civil Aspects of International Child Abduction*. This Convention protects children by ensuring that their best interests are determined by the country in which they are habitually resident. While Japan is not yet a

signatory, the Co-Chairs received an indication from the Diet members with whom they met that they would pursue the matter.

Trade and Investment

Japan has been the hardest hit of all the G8 countries with respect to the global recession. In the face of a domestic credit crunch, a collapse in equity markets, and dramatic falls in exports, investment plans have been scaled back and unemployment is rising. During the time of the visit, the Japanese Government announced Japan's largest stimulus of 15.4 trillion yen or \$190 billion dollars. This package also included non-budgetary measures such as loan guarantees, and altogether amounted to 5.4% of GDP. All acknowledge that the recovery of Japan's economy in the face of the crisis will be long and challenging, with a firm need for fiscal consolidation. In the wake of the crisis there have been significant layoffs of permanent workers in favour of non-permanent workers, leading to significant inequality outcomes between these two employee categories. Such a situation has allowed for an intriguing environment for the discussion of a potential Free Trade Agreement with Japan.

While Japan and Canada already enjoy a most active trade and investment relationship, the two Co-Chairs focussed their comments on the fact that both countries can benefit from further economic integration and stated that Canada could be a stable source of oil, beef, pork, wheat, canola and other products for Japan, while at the same time would not interfere with Japan's exports of rice and citrus fruit.

The Co-Chairs went on to highlight the advantages that a Canada-Japan Economic Partnership Agreement would bring for both countries. They outlined the fact that Canada is a knowledge-based economy with over 70% of its GDP emanating from services. Japanese companies could benefit from Canada's universities, scientific research, and world-leading capabilities in software, nanotechnology, and environmental technology. Increased knowledge sharing and joint initiatives could benefit both countries in the global commercialization of their research, while increasing their capacity for innovation and continued economic growth. Moreover, Canada possesses one of the highest standards of living in the G8, and is a member of NAFTA. As such, trilateral trade would lead to a significant opportunity for Japan to increase its export and investment growth. The Japanese continue in their reticence to commit to further discussions leading to an FTA due to the potential effects this agreement would have on the Japanese agricultural industry. Japanese parliamentarians noted that the agricultural lobby in Japan was very strong and had previously resisted FTAs with countries that had strong agricultural sectors. Moreover, the overriding sense in entering into an FTA with Canada was that Japan would adversely affect its agricultural industry.

The Co-Chairs expressed that Japan's energy source vulnerability could be alleviated by increased Japanese investment in Canadian tar sand oil, coal and uranium as well as Canadian expertise in environmental technologies such as nuclear power, hydroelectric power, solar and wind power and bio-fuels. It would serve to be mutually beneficial with Canada as a stable supplier and Japan as a stable customer. Finally, the Japanese were told that Canada remained committed to advocating for better access to Japanese domestic markets for Canadian beef products.

While in Tokyo, the Co-Chairs had the opportunity to meet with two Japanese auto manufacturing companies who have made sizeable investments in the Canadian marketplace, namely Honda and Toyota, and the Co-Chairs expressed their appreciation for this marked investment. Both companies noted that as a result of the present economic crisis car sales have dropped in Canada, but not as dramatically as in the United States.

Honda is very proud of its manufacturing centre in Canada whereby it prides itself on making cars by Canadians and for Canadians. In light of the current crisis in the North American auto industry, both Co-Chairs indicated that with the United States putting forth large sums of public money to try and save the industry, Canada had no choice but to follow suit, largely to save jobs that would otherwise be lost. At the same time they have asked car manufacturers to put forth a sustainable plan to ensure their continued existence. From Honda's perspective however, as they have been consistently in the forefront of addressing consumer demands and interests, they don't want to be left at a disadvantage in the marketplace for having conducted their business in a judicious manner. This point was also expressed in a similar fashion by those Toyota executives whom the Co-Chairs met.

The issue of environmental compatibility of auto emissions regulations amongst the provinces was raised by Honda executives, whereby it was expressed that a harmonization of environment regulations across Canada would be beneficial to the industry. Both Honda and Toyota advocate the development of greater research and development resources in Canada and noted the technological development within their respective companies that led in turn to the successful production and distribution of their hybrid vehicles.

Toyota acknowledged that its car leasing business plays a dominant role in its success in North America and noted that it is vital in the marketplace to create conditions to sustain leasing and financing of vehicles in the future. It was noted that banks should be discouraged from getting involved in car financing ventures. This aspect of the business is best left to car financing dealers themselves.

Toyota also stated that Government should consider the possibility of establishing a vision pertaining to the evolution of the car industry in Canada. This could involve offering financial incentives to customers to put aside their older vehicles to purchase more energy efficient vehicles. It would benefit both the environment and the industry at the same time.

Environment and Climate Change

Japan had been a most loyal ally to Canada in all matters respecting climate change, and evidenced by its firm support for the *United Nations Framework Convention on Climate Change*. Both Co-Chairs noted that Canada was working to develop cleaner fuels and more efficient vehicles and was interested in exporting Canadian expertise in clean water, clean energy, biomass and other environmental technologies to Japan. With the increase in global oil prices, Japanese parliamentarians were very interested in promoting conservation and cleaner technology in an effort to reduce energy vulnerability while working to collaborate on emissions trading and carbon capture and storage. Both sides agreed that environmental technologies were an area in which great

economic opportunities existed for both Canada and Japan. They also agreed that all nations needed to regard environmental degradation as the common responsibility for every nation and in so doing, that a balance between the economy and the environment be struck.

Peace and Security

The Co-Chairs noted that the two countries had taken part in joint peacekeeping operations in the Golan Heights and suggested that Canada could offer to share its peacekeeping training and expertise with Japan. To increase joint operations between the military of both countries, the Co-Chairs suggested that Japan designate a Military Attaché to its embassy in Ottawa. Currently in Washington, Japan holds six attaché positions. While the preference would be to have a military attaché in Ottawa, it was suggested by the Co-Chairs that as an immediate alternative at least one of the positions in Washington could be designated to have authority for Canada. Both of these options were warmly received by those to whom they spoke.

Appreciation was expressed for the refuelling operation that Japanese ships continue to provide in the Indian Ocean for allied forces. However, the Co-Chairs expressed the sentiment that Japan needs to be more prominent in peace-keeping operations and not simply engage in cheque book diplomacy as a means of participation. Japanese parliamentarians were very eager to learn more about Canada's engagement in Afghanistan. The Co-chairs explained that Canada's role would continue until 2011, and that the House of Commons had established a special parliamentary committee to review and oversee.

Another of Japan's foreign policy preoccupations is the situation on the Korean Peninsula and the Democratic Peoples' Republic of Korea's (DPRK) continued nuclear aspirations. In fact, the DPRK launched a missile test prior to the Co-Chair visit that did intrude on Japanese airspace. This incident heightened the need for Japan to take on a more activist foreign and security policy, and to amend Article 9 of its Constitution. This, coupled with the long-standing allegations of the abduction of Japanese nationals by the DPRK, had increased the importance of the 6-party talks. The Co-Chairs affirmed Canada's support for the 6-party talks and continued dialogue and engagement with the DPRK.

Bilateral Consultations

The Co-Chairs met with his counterparts from the Japan-Canada Diet Friendship League. While it was agreed that the 17th bilateral meeting would take place in Canada, given the current political climate, no date was fixed for such a visit.

Miscellaneous

Canadian Chamber of Commerce in Japan:

While in Tokyo, the Co-Chairs met with representatives from the Canadian Chamber of Commerce in Japan (CCCJ). The CCCJ is composed of a broad cross-section of business people and entrepreneurs and has served to promote the development of business between Canada and Japan since 1975. Having as its membership over 300 members, it represents 33 business sectors and is the longest serving Canadian Chamber in Asia.

Members of the CCCJ confirmed the difficulty of doing business in Japan during these difficult economic times. They acknowledged that with the changing business environment, Japanese businesses are re-thinking their business priorities, in an environment where rising protectionism, low consumption and price sensitivity have become the norm. Moreover, businesses are also being driven by environmental issues. In the building sphere, for example, out of 107,000 new housing starts, 20,000 have incorporated solar panels. Also one notes an increasing number of social welfare facilities and homes for the aged under construction.

The primary concern for the CCCJ however, rested on the newly introduced Canadian immigration policy, designed to combat issues related to security and anti-terrorism. While the benefits of the legislation were acknowledged, it was widely felt that an unintended consequence of the legislation resulted in those grandchildren born out of Canada and whose parents had been born outside of the country not being considered Canadian citizens. The CCCJ was not only concerned with the lack of consultation prior to the enactment of the legislation, but also the disregard for those Canadians who had chosen to conduct their business outside of the country, even though such business ventures are necessary for Canada in the expansion of its trade and investment opportunities.

Conclusion

The Canadian Parliament and the Diet of Japan share a most privileged relationship, built on mutual respect, similar economic goals, and respect for traditions, both social and cultural. Enhanced through visits such as the annual Co-Chair visit, it allows both legislatures to acknowledge the importance of the Canada-Japan partnership and to work towards a better understanding of the more immediate pressing issues indicative of the political and social climate of the respective countries. This visit to Tokyo was an excellent opportunity for the Co-Chairs of the CJIG not only to fortify but also to create new contacts in Japan. Moreover, it allowed the Co-Chairs to undertake necessary discussions with their counterparts related to the planning and organization of the 17th bilateral meeting in Canada.

A summary of the travel costs is appended to this report.

Respectfully submitted,

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

Hon. Bryon Wilfert, P.C., M.P.
Co-Chair
Canada-Japan Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-China Legislative Association and Canada-Japan Inter-Parliamentary Group
ACTIVITY	Annual Co-Chairs Visit
DESTINATION	Tokyo, Japan
DATES	April 4 – 10, 2009
DELEGATION	
SENATE	Honourable David Tkachuk, Senator, Co-Chair of the Canada-Japan Inter- Parliamentary Group (CJIG)
HOUSE OF COMMONS	Honourable Bryon Wilfert, P.C., M.P., Co-Chair of the Canada-Japan Inter- Parliamentary Group (CJIG)
STAFF	Ms. Elizabeth Kingston, Executive Secretary for the CJIG
TRANSPORTATION	\$6,792.67
ACCOMMODATION	\$5,200.38
HOSPITALITY	\$1,040.52
PER DIEMS	\$2,850.79
OFFICIAL GIFTS	\$594.68
MISCELLANEOUS / REGISTRATION FEES	\$4,264.47
TOTAL	\$20,743.51