



# Conversations toward a Canada/Japan EPA

**Speaking Notes for Perrin Beatty**

**Canadian Chamber of Commerce in Japan Symposium**

**November 2, 2012  
Tokyo, Japan**

Please Check Against Delivery

I am very happy to be back in Japan, and to be talking to people who are so committed to strengthening the ties between our two countries.

Canadians are proud of our relationships around the world. We see ourselves as a good neighbour, an international nation, and we value that role.

I am struck by the contrasts between Canada's introduction to Japan and that of other nations.

We all know the story of the "black ships" of Commodore Perry - the kurofune - arriving in Tokyo Bay, demanding access, and threatening with their cannons.

Few people know about a Canadian who also arrived by ship, and helped to introduce Canada to Japan.

In 1923 Commander Samuel Robinson brought his Canadian Pacific ship to Japan just in time for the worst natural disaster in Japan's history - the Great Kanto Earthquake and tsunami.

Captain Robinson kept his ship in the port at Yokahama to serve as a rescue vessel. For twelve days he and his crew provided support to a stricken population. Then he transported several thousand people out of the devastated area to Kobe.

Only three living civilians have *ever* been awarded Japan's highest honour, the Grand Cordon of the [Order of the Chrysanthemum](#).

Two of them were members of the royal family. The third was Sam Robinson.

Even before diplomatic relations existed, Captain Robinson showed Canada's instinct to be a positive force in the world. We continue to value that approach.

When Japan applied to enter the General Agreement on Tariffs and Trade, Canada endorsed it.

Later, we were one of only a few countries to extend most-favored-nation status. Similarly, Japan was nominated by Canada to join the United Nations in 1956, and supported by Canada when it sought to enter the OECD in 1963.

Last year, in the general hysteria after the accident at Fukushima, more than 40 countries including the United States and Europe, imposed bans or strict conditions on Japanese food products. After three months, Canada reviewed the facts and dropped restrictions – the first nation to do so.

In short, Canada has been – and continues to be – a friend of Japan. But as I look over the last decade of relations between Japan and Canada it seems to me we have been like old friends sitting comfortably on a park bench. We haven't fought about anything. But we haven't accomplished very much either.

This is a pleasant image, but unfortunately, while we have been sitting together, others have been running.

Other relationships have grown strong.

In 2005, Japan was Canada's 3<sup>rd</sup> largest merchandise trade partner.

Today it's fifth.

Total two way trade declined from \$ 31 billion in 2001 to \$23 billion in 2010.

Japan is the third largest economy in the world, yet it represents less than 3 percent of Canada's merchandise trade.

My message this afternoon is this – those two friends need to push themselves, and push each other, to run faster too.

We will do that by launching an ambitious new trade agreement and completing it quickly. Since Prime Ministers Noda and Harper announced the launch of negotiations in March of this year, the Canadian Chamber of Commerce has been a strong supporter of this initiative.

A few months before, we had published our assessment in a report entitled “Revitalizing the Economic Partnership.”

I believe it’s not only possible to do that, but obvious.

In 2007 the Canada Japan Joint Study noted that each country specializes in products the other does not intensively export. Our economies are very complementary.

As I remind people here; Canada does not export rice!

Both countries have a huge incentive to negotiate a better relationship.

For Japan, Canada is a value proposition disguised as a country. Japan requires reliable, secure access to high-quality energy, raw material and food imports. No country is in a better position to respond.

Political risks are virtually none – transportation connections are strong and safe.

Canadian service companies offer world-leading product innovations and customer service. For example, Japan is the developed nation most preoccupied with the challenge of an aging society. This is a market in which Canadian financial firms are particularly strong. Canada, unlike most of Japan's trade partners, represents a stable economy with declining debt and excellent growth prospects.

Both as a supplier and as a target for investment, Canada has never looked better to Japan.

For Canada, trade is not a side issue, it's our lifeblood. Nearly two-thirds of our GDP is trade-dependent. One-third of Canadian jobs.

There can be no more urgent issue for us than 'pivoting' our trade relationships towards the exploding economies of Asia. At present more than 70% of Canada's trade into markets in which we expect slow growth – at best – for the foreseeable future.

It's imperative that we expand our relationships and our trade with this side of the Pacific.

I believe there should be a sense of urgency to our negotiations. Both countries are preoccupied with other trade discussions, or with domestic political matters. But I believe a new economic partnership can greatly benefit us both.

Over the years, I've seen how the Japanese presence in Canada has benefitted my country, even as it has brought significant rewards for Japanese businesses.



When I was in politics, I remember well attending the opening of Honda's plant in Alliston, Ontario, which was in my constituency. Honda was the first Japanese company to produce cars in Canada, and I was proud to drive one of the first Accords manufactured in that plant.

Honda's investment in Alliston was followed by Toyota's decision to build its first Lexus plant outside of Japan in Cambridge, Ontario. My brother is currently an executive with Toyota Canada.

For my part, I am pleased to serve as a director of Mitsui Canada, where I have seen how the company's investments in Canada have created jobs and wealth and have promoted exports from Canada.

These companies and others have become an important part of the fabric of Canada's economy, both strengthening it and profiting from their participation in it.

Canadian companies have similarly become valued members of Japan's business community. This sophisticated and wealthy society represents a huge potential market for goods and services.

Companies like Manulife and Gowlings have demonstrated it's possible to prosper in Japan; many other Canadian firms could follow in their path.

In trade negotiation the service sector tends not to get the same attention as goods. But we should be aware of the enormous potential that exists for an improved environment for trade in services.

I recently heard that the value of education services sold by Canadian universities is now greater than the value of wheat sales from Canada. The presence of my friends from McGill University - sponsors of our event here today - underlines the efforts Canadian educators are making to serve Japan.

And, although we have entered the Trans Pacific Partnership, we cannot estimate how long that process will take. A bilateral agreement with Japan would significantly strengthen our situation, while sending a clear signal to all our trade partners about Canada's ambitions.

The great thing about a bilateral negotiation is its flexibility. We envisage a negotiation that meets the needs of the two nations. We see flexibility as a necessity as Japan confronts some domestic challenges in the pursuit of trade freedom.

I think the critical thing is to make a deal. If it takes time to implement, that may be the price of an ambitious effort.

When I served in the Cabinet during the negotiation of the landmark Canada/US Trade Agreement, we encountered issues on which resolution was simply not possible. Rather than letting them stop the agreement, we put them into side processes that would continue after the deal was in place.

As Prime Minister Mulroney was fond of saying; “you can’t let perfection be the enemy of the good.”

That pragmatic attitude produced one of the world’s most successful trade agreements and it can bring a positive result between our countries, too.

There is no getting away from the fact that Japan has been a reluctant partner in trade.

I mentioned our low level of merchandise trade. In the five years before the recession, our trade in services with the world grew 23%. However, it actually fell in Japan.

Everyone in the room knows change is the undeniable imperative for Japan. The past cannot control the future. What served Japan in the past will not serve the country now.

I believe Canada is an obvious partner with whom to accelerate those changes.

But I must tell you, many business people in Canada, and many academics, are very skeptical. They doubt Japan is ready to make significant changes.

I strongly urge you to use the Canadian negotiation as the way to send the signal that you are. A rapid, ambitious agreement would convey a clear and unmistakable message.

It would force the skeptics in Canada, America, all over the world, to re-think their view of this country.

Those commentators - and we all know there are a lot -enjoy saying that Japan "missed the boat" and is in decline. I read just such a piece on the front page of the Japan Times earlier this week.

Many people in North America have become accustomed to this image of Japan. We read about the “lost decades” and assume the nation is in decline.

My visit this week has reminded me again how distorting such commentary can be.

I met with one of Japan’s most prominent economists in Ottawa recently; Professor Motoshige Itoh of the University of Tokyo. He explained that Japan has been a major beneficiary of the growth of other Asian economies, especially China.

This is something which many North Americans do not understand, preferring to believe Japan has been left behind and ignoring the reality of Japan’s financial and technological involvement throughout Asia.

When I arrived in Tokyo I was impressed by all that has been done since my last visit.

The city's infrastructure in excellent shape, and I am told that through those "lost decades" since 1990, the city still managed to erect 81 highrise buildings.

On Tuesday I saw, firsthand, the legendary Japanese leadership in high quality manufacturing when I visited the BD facility in Fukushima, where they confronted the challenges posed by the earthquake and nuclear disaster, but are back producing a range of medical products for distribution throughout Japan.

When I return to Canada I will be carrying the message that a powerful Japan is a friend and an ally we can do business with. Two years from now I hope you will invite me back to Japan to celebrate a new partnership between these old friends.

When I visited Tohoku this week, I saw something of the devastation endured by the people there.

Like every Canadian who visits, I was humbled by the courage and determination of the people, their refusal to pity themselves.

Instead, in discussions with business and government leaders, I saw a strong sense of mission; to build a new and stronger economy in the region.

I hope that between our nations we can also have that sense of mission – to make a significant new partnership for a future better than the past.