

*Capitalizing on Natural Synergies;
towards an EPA between Canada & Japan*

Presentation to Keidanren Committee on Canada

Canadian Chamber of Commerce
in Japan

December 13th, 2011

Agenda

- Introductions
- CCCJ Overview
- CCCJ involvement in EPA discussions
- Current bilateral business conditions
- Bilateral opportunities in an EPA: Sector specific analysis
- EPA or TPP?
- Effective EPA cooperation between CCCJ & Keidanren
- Discussion

Introductions

- Wilf Wakely, President, Canadian Chamber of Commerce in Japan, Lawyer
- Shawn Lawlor, Vice-President, CCCJ, Chair, EPA Trade Policy Committee, Director, Japan Operations, Canada Wood
- Eric De Groot, Vice-President, CCCJ, Vice-Chair, EPA Trade Policy Committee, Country Manager, Forbo Flooring
- Joel Sievers, Senior Manager, Communications, Manulife Japan
- Toshiaki Haruna, Corporate Officer, Divisional Director of Corporate Division, Toys 'R' Us Japan
- Hiroshi Ando, Director, Sales & Marketing, Research in Motion Japan
- Hiroshi Fujita, Vice President & Country Head – Japan, Bank of Nova Scotia
- Brian Smith, Special Representative, CCCJ, Principal, Altavista Consulting International
- David Anderson, Executive Director, CCCJ

- Longest serving Canadian Chamber in Asia
- Voice of Canadian business community in Japan since 1975
- Roughly 250 members including largest Canadian corporations operating in Japan as well as numerous SMEs across 35 business sectors
- On-the-ground expertise on bilateral business developments and trends

Strengthen commercial relations between Canada and Japan through;

– Communication

- Publications, Member updates, Guest Speakers

– Networking

- 30 events per year attracting roughly 2,000 guests.
- CCCJ works with like-mandated organizations including other foreign Chambers in Japan, CCC, CCCE, Keidanren, etc.

– Advocacy

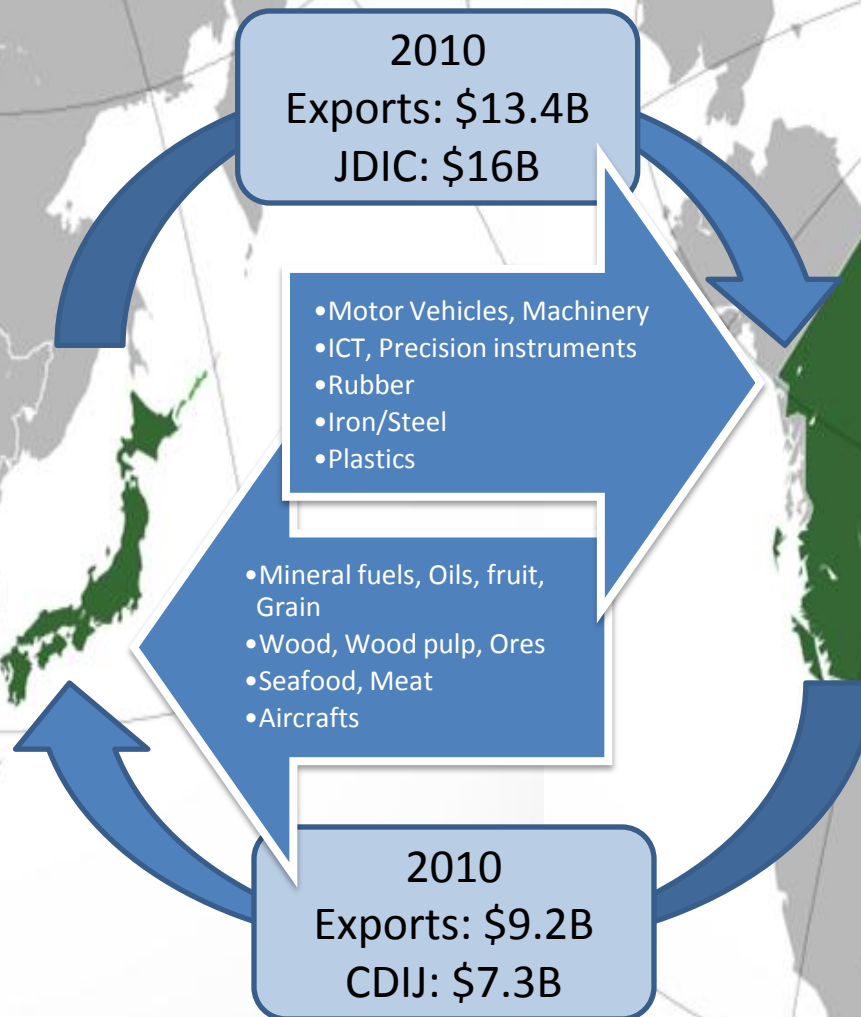
- Voice of Canadian Business in Japan to Canadian and Japanese Government Officials
 - EPA as well as other Social and Economic Policy initiatives

CCCJ involvement in trade discussions

August 2004	CCCJ meets with Keidanren Committee on Canada promoting the Canada-Japan Trade Framework Agreement
January 2007	CCCJ adopts promotion of an FTA as a guiding principle
November 2010	CCCJ EPA Trade Policy Committee submits Trade Policy Paper to Canadian and Japanese governments
December 2010	CCCJ presents to Canadian and Japanese government officials at Trade and Investment Dialogue
February 2011	CCCJ welcomes launch of Joint-Study, pledges active involvement
July 2011	CCCJ presents to Canadian and Japanese governments at Private Sector Roundtable
December 2011	CCCJ presents to Keidanren Committee on Canada, promoting cooperation in EPA issues

CCCJ will continue to collaborate with partners including the CCC, CCCE, Keidanren, Toronto Shokokai to bring the business communities strongest, unified voice forward.

Current Bilateral Business Conditions



Current Bilateral Business Conditions - Canadian Presence in Japan

- Roughly 110 Canadian Companies with tangible presence in Japan representing C\$7.3B of Capital stock

48 ICT

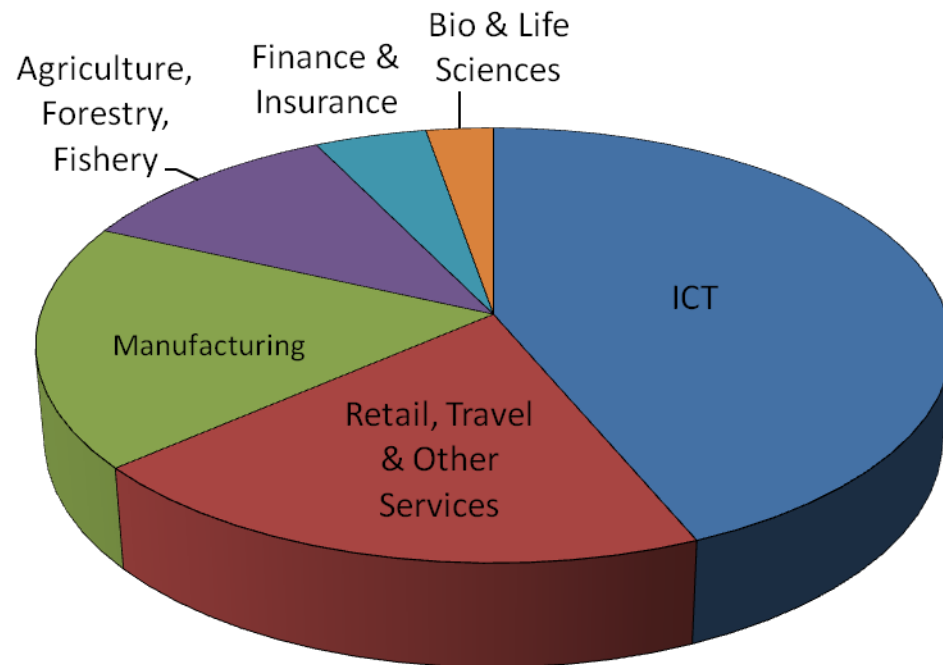
22 Retail, Travel and Other Service

20 Manufacturing

12 Agriculture, Forestry and Fishery Industries

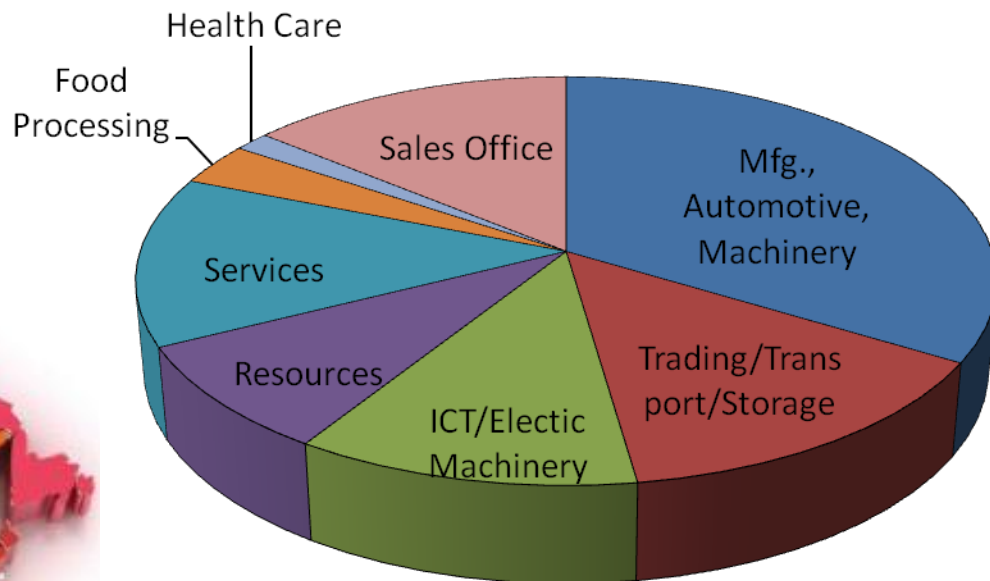
5 Finance and Insurance

3 Bio & Life Sciences

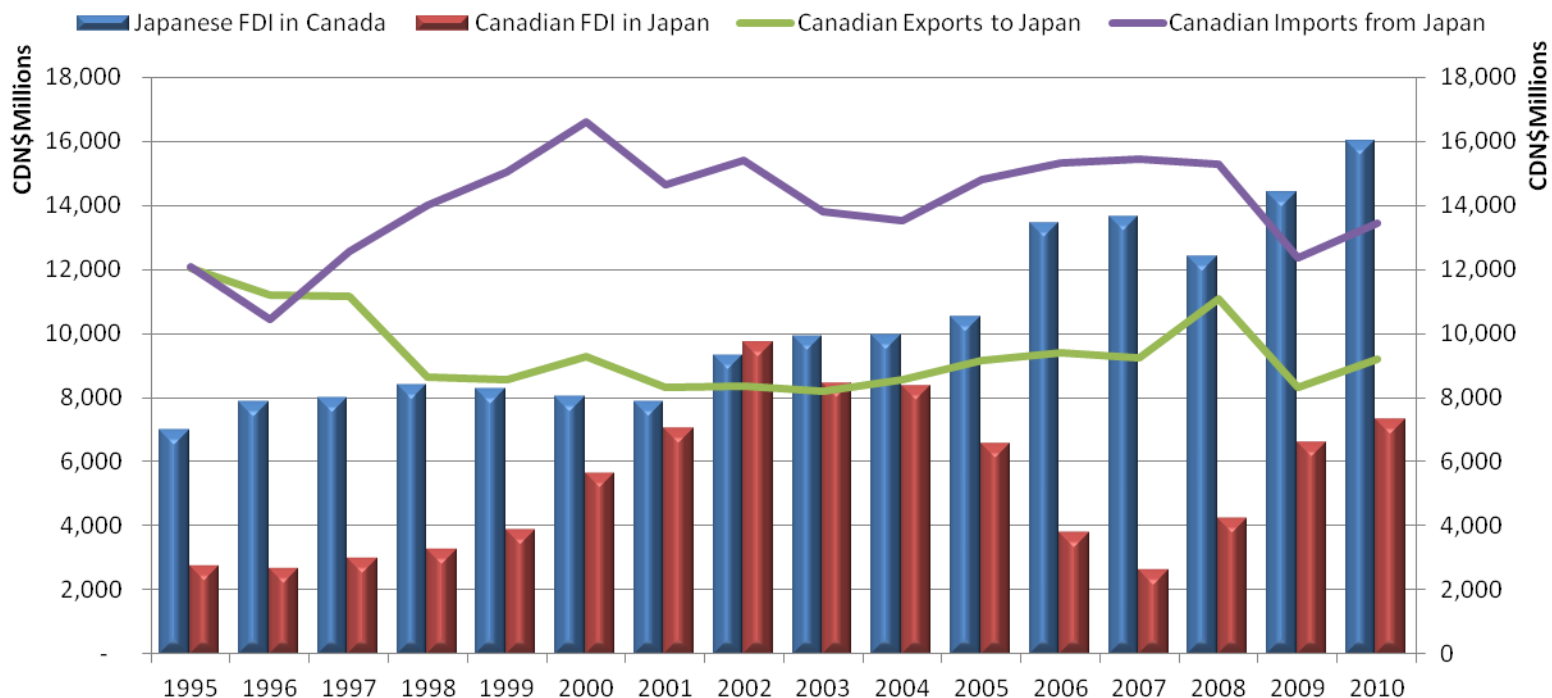


Current Bilateral Business Conditions - Japanese Presence in Canada

- Roughly 327 Japanese Companies with tangible presence in Canada representing C\$16B of Capital stock

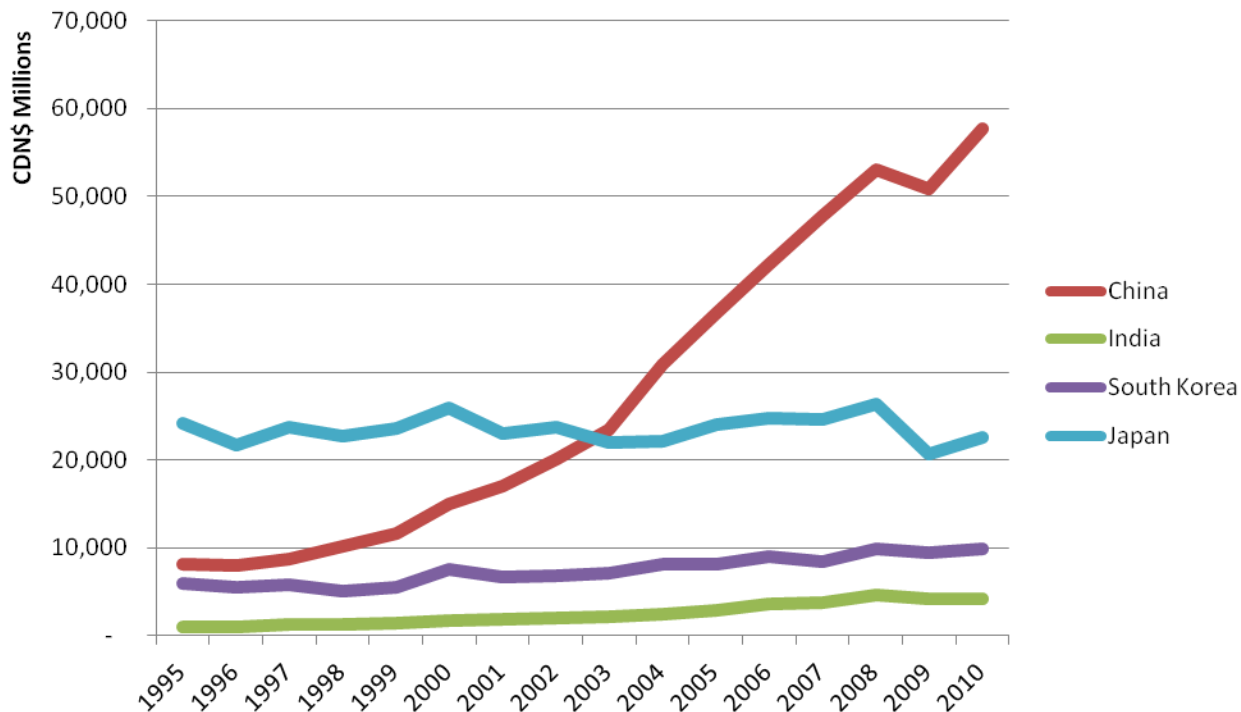


Current Bilateral Business Conditions - Canada-Japan Bilateral Trade & Investment



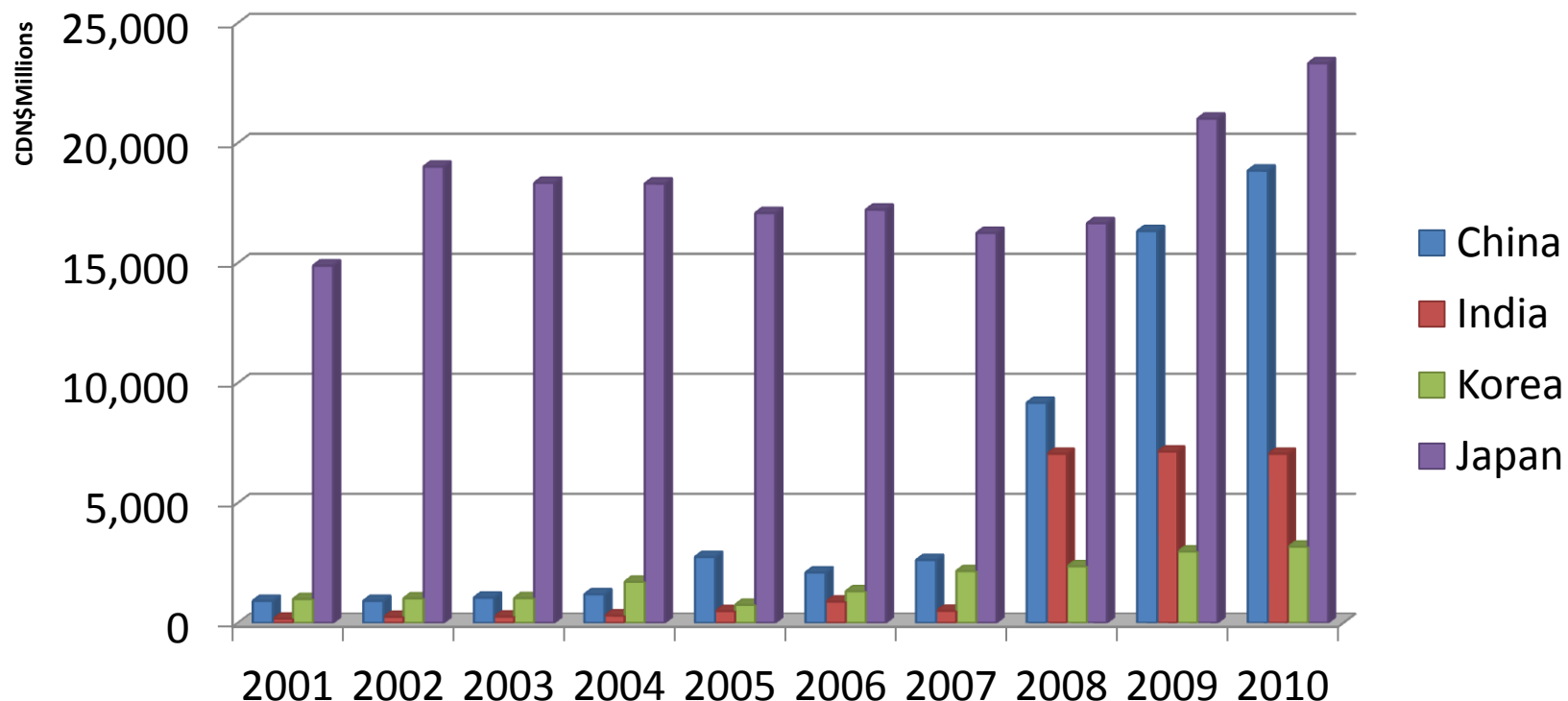
- In 2008, Japan represented Canada's 3rd largest trading partner, in 2010 - 5th.
- In 2001, CDIJ represented 1.8% of CDIA, in 2010 - 1.2%
- CDIJ in 2010 is roughly the same level as in 2001, while total CDIA has risen by 55% over the decade

Current Bilateral Business Conditions - Trends in bilateral Canada-Asia trade



- Impressive level of bilateral trade, however stagnant. Other Asian neighbours gaining.

Current Bilateral Business Conditions - Trends in bilateral Canada-Asia Direct Investment



- Canada-Japan bilateral FDI remains strong, however others are catching up.



Current Bilateral Business Conditions - Past decade

Stagnant growth in bilateral trade

No major issues of contention, however not much bilateral excitement

Canadian business looking elsewhere in Asia

CDIA moving to other Asian nations

Japan still major investor in Canada, however other Asian nations are catching up
– notably in resource sectors

- Natural synergies
 - Japan has capital, technological leadership
 - Canada has resources, technology
- Canada is making progress in diversifying trade. Opportunity is now to strengthen Canada-Japan economic relations.
- Current bilateral merchandise trade with Japan accounts for only 2.8% of Canada's global total. For trade with the world's 3rd largest economy, this should be higher
- 2008 bilateral service trade with Japan accounts for only 1.7% of Canada's global total. For trade with the world's 3rd largest economy, this should be higher

An EPA is key to Revitalizing Mutual Economic Growth,
Competitiveness & Prosperity

Opportunities by Sector

Forest and Building Products:

- Canada is a long standing number one supplier of sustainable & legal forest products (\$1 billion+ in Annual Exports)
- Supporting Housing Industry Innovation & Product Development: Cumulative 2 Million 2 x 4 Housing Starts
- Opportunities to Enhance Technical Innovation & Competitiveness of Building Industry



Canadian
Participation in
Temporary Relief
Housing in
Kesenuma, Miyagi
Prefecture

Energy & Resources:

- Canada is a world leader in energy/mineral production and has what Japan needs
 - World's 2nd largest reserves of crude oil, 3rd largest producer of natural gas and 2nd largest producer of uranium, rare earth metals development underway
- Canada is open to Japanese investment
- Canada can provide Japan with secure & stable long term energy supply
 - Recent Shale Gas Investment a sign of things to come!
- Japan is currently being outpaced in FDI aggressiveness in Canada's energy sector by other Asian nations; China, South Korea

EPA will attract more attention to Opportunities in Canada's Energy Sector – growth in FDI will also increase exports of heavy equipment from Japan to develop projects

ICT:

- ICT contributes ~ \$60B to the Canadian economy/year
- Nearly 50% of the CDN Companies in Japan are in the field of ICT.
 - Research in Motion, OpenText, Celestica, QNX Software, etc
- Both Governments recognize ICT as a key growth industry moving forward

An EPA will help enhance cooperation in ICT sector, bringing these two global leaders closer together

Food & Agriculture:

- Complementary strategic alignment
- Minimal Competitive Issues: Canada does not export rice to Japan
- Collaboration & Commitment to Food Safety Standards
- Enhanced access to stable supply source in a world of increasing shortages
- Canada is already a leading supplier of agricultural products to Japan
- Canada understands Japan's sensitivities in agricultural sector better than other potential free trade partners

CCCJ supports early conclusion of Canada-Japan EPA

- CCCJ urges both governments to pursue EPA as matter of priority
- Negotiations will help raise profile of bilateral trade relationship
- Others are pursuing EPAs or expanded trade – we can't afford to fall behind
- Both government and private sector benefit when foundation exists for active dialogue

Benefits of EPA

- Healthy trade relationship depends on government policies that promote open markets, investment & innovation: key to revitalizing economic growth post 3.11
- Tariffs already low in most areas, but non-tariff barriers remain
- EPA allows governments to identify priorities of greatest interest to business communities in more timely manner

EPA Advantages

- Japan/Canada EPA will:
 - Open new markets for goods and services
 - Promote innovation and competition
 - Enhance living standards
 - Secure access to resources, technology and investment
 - Promote transparency
 - Increase flows of people

Risk of Failure

- Many nations and regions looking to new trading arrangements
- Lack of Canada-Japan EPA risks compromising access to mutually beneficial flow of bilateral trade and investment
- May also result in diminished competitiveness
- Multiple failures damages credibility of bi-national engagement

Canadian Government position on TPP:

- Canada has formally indicated its intent to enter into formal consultations to join the TPP negotiations.
- Government of Canada has reviewed outline for the TPP released Nov. 12, 2011 and is confident it can meet or exceed the level of ambition TPP Members are striving for.
- Canada has strong and growing ties in the Asia-Pacific region which is a priority for Canada.
- Canada is already pursuing a number of important bilateral trade initiatives in the Asia-Pacific region and the TPP will further broaden and deepen Canada's trading relationship to benefit Canadian workers and businesses.

EPA or TPP?

- Why not both?
- CCCJ supports the Canada-Japan EPA, as well as Canada joining discussions on TPP
- Bilateral EPA would be quicker & easier to implement than broader regional agreement
- TPP efforts will complement bilateral EPA between Canada & Japan

- CCCJ currently works in partnership with Canadian-based organizations including the Canadian Chamber of Commerce (CCC) & the Canadian Council of Chief Executives (CCCE)
- CCCJ is local partner for Keidanren Committee on Canada
- CCCJ & Keidanren Committee on Canada should hold periodic meetings to discuss issues and formulate strategy for liberalizing trade and investment initiatives leading to bilateral economic growth
- CCCJ & Keidanren Committee on Canada effectively advocate bilateral business initiatives to governments via joint-statements



Thank You

Questions?

Shawn Lawlor, Vice-President, CCCJ, Chair, EPA Trade Policy Committee

Eric De Groot, Vice-President, CCCJ, Vice-Chair, EPA Trade Policy Committee

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