

Remarks by H.E. Kaoru Ishikawa
Japan and Canada – Towards a Better Future
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I. Introduction

Mr. Jim Keating, President and CEO of Speakers Forum Inc.,
Mr. John Tory, host of the *Live Drive with John Tory*,
Ladies and gentlemen,

It is indeed a great honour and pleasure to be among the distinguished leaders in business and politics who have delivered lectures for this prestigious forum, and I thank Mr. Keating for offering me this valuable opportunity.

Last month, Canada and Japan formally announced to launch negotiations towards an Economic Partnership Agreement, or EPA. As you may know, Japan also marked the first anniversary of the Great East Japan Earthquake in March. As our two nations move towards deeper and stronger economic relations at a crucial time when Japan enters into the next phase of its reconstruction efforts, we must ask ourselves how we can best move forward to continue to

achieve positive outcomes for both Canada and Japan. I am here today to offer my perspectives on this important question.

II. Canada and Japan as Friends and Partners

Canada and Japan already enjoy one of the most mutually beneficial bilateral economic relations in the world; our two nations complement each other very well. Canada's abundant energy, mining and food products find receptive markets in Japan. In addition, our countries equally maintain competitive leadership in high-tech, IT and other advanced industries, which gives ample opportunities for cooperation. All of these factors have contributed to this ideal relationship where the two partners generate economic gains and create value for each other.

However, there still remains much untapped potential in our bilateral economic relations. The *Joint Study on the Possibility of a Canada-Japan Economic Partnership Agreement*, which was released early March, found that significant benefits to both countries could be expected in the areas of market access, trade in services and investment if an EPA is agreed on.

For instance, a high-level EPA is expected to "deliver substantial benefit and provide meaningful market access improvement to both countries through the liberalization of trade in goods." For trade in services, both countries' knowledge-based economies and competitive services industries indicate that "there is strong potential to further grow" in this area in a mutually beneficial manner. And

“ample scope remains for further expanding bilateral cross-border investment,” which could contribute to economic growth and job creation in both countries.

The Joint Study estimates that an EPA between the two countries would lead to an overall increase between 0.24% and 0.57% in real GDP for Canada, and between 0.08% and 0.09% for Japan. In absolute terms, GDP gains are estimated at between US\$3.8 billion and US\$9.0 billion for Canada, and between US\$4.4 billion and US\$4.9 billion for Japan.

Backed by such a positive assessment, our prime ministers announced on March 25th the formal launch of negotiations towards a Canada-Japan Economic Partnership Agreement. Undoubtedly, the path to an EPA will not be without challenges as we both seek to maximize potential benefits for our respective economies. However, I am confident that our commitment to mutual prosperity will prevail, and we will reap the benefits of enhanced economic ties soon.

Prosperous economies cannot be sustained without peace and security and that is why Canada and Japan also agreed on that same day to further negotiations towards an Acquisition and Cross-Services Agreement (ACSA) or a Mutual Logistics Support Agreement (MLSA) in 2012. This agreement will provide for the exchange of basic goods and services between the Canadian Forces and the Japan Self-Defense Force during training, exercises and operations at home and

abroad. I believe this definitely symbolizes the level of maturity and the continuing evolution of our bilateral relations on multiple fronts.

III. Team Japan - Canada

Science and technology is another front on which Japan and Canada have successfully collaborated on to spur innovation. As some of you may know, last year marked the 25th Anniversary of Canada-Japan Agreement on Cooperation in Science and Technology. Building on that important milestone in our bilateral relations, cooperation in many fields of science and technology between our two countries is continuing to flourish.

In the field of stem cell research, scientists around the world are making advances as they further iPS cell research – an alternative to embryonic stem cell research pioneered by Kyoto University's Professor Shinya Yamanaka, who received the Canada Gairdner International Award in 2009. To this end the Canadian Institutes of Health Research (CIHR) and the Japan Science and Technology Agency (JST) have signed a Memorandum of Understanding in support of joint funding for cooperative research projects. Furthermore, in June this year, a second Canada-Japan joint stem cell workshop is to be held in Yokohama, Japan, following a successful first joint stem cell workshop in Toronto in 2011.

Notable collaboration is also taking place in the field of nanotechnology, as evidenced by the success of the first joint workshop held in Waterloo last November.

Our bilateral collaborations marked a significant milestone last year in aerospace, when Japan's unmanned transfer vehicle *Kounotori 2*, or the HTV2, successfully docked with the International Space Station (ISS) to deliver food and supplies to astronauts. As some of you may know, Canada's renowned robotic arm *Canadarm2* played a critical role by capturing the HTV2 in outer space for its docking to the ISS. Truly a memorable and proud moment for both Canada and Japan; the culmination of our technological achievement and collaboration vividly played out in space.

This spirit of teamwork will continue to advance bilateral cooperation and collaboration in 2012 and well beyond, as witnessed by the conclusion of a Memorandum of Understanding between the Canadian Space Agency and the Japan Aerospace Exploration Agency (JAXA) on March 26th, which was signed by the Honourable Edward Fast, Minister of International Trade and Minister for the Asia-Pacific Gateway, Hirofumi Hirano, Minister of Education, Culture, Sports, Science and Technology and Motohisa Furukawa who is Minister for National Policy, Minister of State for Economic and Fiscal Policy, Minister of State for Science and Technology Policy and Minister for Space Policy. The MOU will serve as a framework for future collaborative activity in the areas of space exploration, earth observation and science and research.

IV. 'Flip Side' of the 'Lost Decades'

Now, I believe many of you have heard the words 'lost decades' used to define the state of Japan's economy since the 1990s. And certainly, there are many factors that give some credibility to the term. However we must not forget that there is always another side of the coin; it is my humble opinion that being aware of the often dismissed perspective may help develop a more balanced view on things.

Admittedly, during those decades Japan's heavy industries may have lost their competitive edge, which led to a gloomy forecast. However, it is also true that new industries emerged and grew rapidly over the same period; the mobile phone industry grew 60% per year, liquid crystal display by 35%, fibre-optics by 20%, personal computers by 18%. The list goes on and on.

Similarly, an entirely different picture emerges if we pay attention to individual companies. Take, for instance, the light-industry firms such as textile makers which successfully transformed themselves into high-tech companies. One such example is the TORAY company; formerly a chemical fiber producer, TORAY became a well-known aircraft body and wing material supplier. Its transformation represents the innovative and creative approach of many Japanese firms.

I am also proud to point out that a total of 21 Japanese companies including TORAY participated in the production of the Airbus A380, the world's largest passenger airliner. Without TORAY's carbon fiber or BRIDGESTONE's specially developed radial tires, the Airbus A380 would not have been able to have such a large fuselage. Similarly,

more than 35% of the Boeing 787 Dreamliner's parts are manufactured by Japanese manufacturers such as MITSUBISHI HEAVY INDUSTRIES, KAWASAKI HEAVY INDUSTRIES and FUJI HEAVY INDUSTRIES, as well as TORAY and BRIDGESTONE.

It is the same MITSUBISHI firm that also worked with other companies, including IHI, to create the aforementioned HTV - the remote-controlled cargo space ship which successfully completed the first ever pilot-less docking with the International Space Station. The world's first solar-powered "space yacht" *Ikaros*, launched into space in May 2010, was also a Japanese creation, developed by the Japan Aerospace Exploration Agency.

Success stories can be found among Japanese small and medium enterprises (SMEs) as well. Few people realize that the no-loose bolts which secured the docking of Japan's space experiment module *Kibo* with the International Space Station were manufactured by a small Japanese company, SDC TANAKA INC. The success of a company with only 22 employees illustrates that excellence can compensate for size. And the good news is that Japan, like Canada, is full of small yet outstanding companies.

Indeed, during the so-called "lost decades", those companies which successfully shifted their core businesses in response to the new environment have been able to make second takeoffs and are now soaring sky-high.

I hope that you do not misunderstand my intention for making these claims - what I am trying to say is that we must not neglect the other side of the story. It may not grab the attention of the public because it does not make for sensational headlines. However, it is my humble belief that, hidden beneath those seemingly unremarkable exteriors, there may lie the next TANAKA's space-grade bolts.

V. Post 3.11

And this is precisely why I am now going to speak to you about the disaster that struck Japan last year.

At the ceremony to commemorate the first anniversary of the Great East Japan Earthquake on March 11th, Japan's Prime Minister Yoshihiko Noda made three pledges: first, to accomplish reconstruction in the affected regions without delay; second to pass on to future generations the lessons of the disaster; and third never to forget the spirit of "mutual assistance" and "appreciation" that links us all.

On the first pledge, as Prime Minister Noda reassured the audience during this year's Davos Meeting Side Event "Japan Night" on January 27th, reconstruction in the affected regions is "moving forward steadily." I am also pleased to report that with the February launch of the Reconstruction Agency serving as the control tower for reconstruction efforts, the rebuilding process is expected to gain momentum.

On the second pledge, I would like to mention that throughout its history Japan has faced many challenges. Some were even called “insurmountable”. In the end, we rose to the challenge and returned more prosperous than before. And I am confident that our resilience will beat the odds once again. However, in order to achieve that, we must remain humble. We must find a balance between man and nature. We must keep the lessons learned alive for the generations to come. That, I believe, is the key to a successful national rebuilding.

On the third pledge, the disaster has made us renew our appreciation for the meaning of true partnership and friendship. Canada and Canadians have been at the forefront of the outpouring of international support and encouragement throughout our difficult journey.

The 25,000 thermal blankets, 5,075 dosimeters and 78 radiation survey meters sent from Canada kept the people of the affected region safe and warm in those most challenging days. Canadians from coast to coast to coast have also given generously, with the contributions through the Canadian Red Cross alone nearing 50 million dollars.

Canadians from all walks of life have also opened their hearts to the bereaved and the displaced, extending much-needed compassion and solidarity as they struggle to cope with the unthinkable hardship. It is this kind of support, offered in times of great need that has given hope and strength to the people of Japan. As an old saying goes, “a

friend in need is a friend indeed.” For this, I would like to say “Arigato and Thank You”.

We also rediscovered a rational and reliable partner in Canada when it became the first country to lift all restrictions imposed on food imports from Japan. This act of faith on Canada’s part, based on scientific and logical assessments, reaffirmed our unwavering trust in Canada as one of Japan’s most valuable and dependable partners in its pursuit of prosperity.

VI. Conclusion

As I close my remarks, it is my sincere hope that each of you will leave this forum with a renewed faith in Japan and its ever-evolving bilateral relations with Canada. As Ambassador, I wish to invite all of you to come to my country to witness with your own eyes Japan’s formidable resilience which propels its ongoing recovery, as well as the rich Japanese culture and scenic beauty that we continue to cherish. And as you do, I encourage you to look for the other side of the coin - the untapped potential where your next business and investment opportunities may simply await discovery.

I thank you for your kind attention.