

**Luncheon Presentation by the Ambassador
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Title: Japan and Canada – Partners for a better future

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1. Introduction

It is a great pleasure for me to once again address the Japan Society. I am always delighted to speak to this forum and, as an added bonus, I am provided with a reason to travel to Toronto. I never miss an opportunity to come to this great city. It is the centre of business activity in Canada and I have many friends here.

There are many "hot" topics pertaining to Japan that I could discuss with you today. Indeed, it was difficult to decide on where to focus my attention. In the end, I decided it might be interesting if I shared with you my perspective on the so-called "story behind the story" related

to some of those hot issues of the day. That is, to take a comprehensive look at all aspects of these issues, including those sometimes omitted or obscured by sensationalized headlines and reporting.

One of the biggest problems with sensationalized headlines is the tendency for them to create a strong reaction or “boom” which is not founded on any kind of solid foundation. Personally I mistrust the concept of the “boom”. Booms are easy to ride, but they tend to fall apart without warning. Many business people, Canadian, Japanese or whatever nationality you care to pick, have suffered losses after blindly following the crowd and rushing into action that proved to be untenable. One must rely on common sense to examine and evaluate the trustworthiness of information popular sources portray as absolute fact. The quest for easy money or easy answers without due diligence and established trust seldom succeeds. That is wisdom gleaned from thousands of years of experience.

First, however, I would like to discuss Japan-Canada bilateral relations. I would like to provide just a bit of historical background before turning to some significant features of our relationship.

2. Japan-Canada Relations

(1) The first Canadian legation in Japan and first Japanese legation in Canada

Japan was among the first four countries in which Canada opened a legation. They were Japan, the United States, Great Britain, and France. In 1929 Sir Herbert Marler was appointed the first Canadian Head of Mission in Japan. On October 28th 1929, he sent a report to Prime Minister Mackenzie King stating that the success of the legation would depend on Canada’s efforts pursuing diplomacy and trade.

The first Japanese legation in Canada was opened in 1929. More

significantly, the first Minister representing Japan was the Duke of Tokugawa. The fact that Japan sent a grandson of the last Shogun as its first diplomatic representative is highly symbolic of the importance that Japan placed on its relations with Canada.

(2) Industrial Cooperation

(i) Aircraft industry cooperation: 1909 to 2012 (Silver Dart to Bombardier)

The first fixed-wing engine-powered aircraft developed in Canada was “the Silver Dart”. It was invented by the Aerial Experiment Association, which was headed by Alexander Graham Bell and his friend J.A.D. McCurdy. Piloted by McCurdy, it made its historic maiden flight on February 23rd, 1909 traveling from Bras d'Or Lake at Baddeck, Nova Scotia.

It is interesting to note that the wings of the Silver Dart were made with light, but strong, silver-colored Japanese silk. It was for this reason that the aircraft was given the name “the Silver Dart”.

Today, Mitsubishi Heavy Industries of Japan manufactures important parts of fuselages and wings for Bombardier aircrafts. In fact, the fuselage and wings of large aircraft made by a number of major aircraft manufacturers, including Boeing and Airbus, utilize special lightweight, high-strength carbon fibers (1/4 specific gravity of steel but 10X as strong) developed by Japanese industry.

(ii) Cooperation in Automobile Sector

There are currently more than 735 Japanese companies that have invested in Canada. Perhaps most notably, Japanese automakers in Ontario produce over 640,000 cars annually and are responsible for the creation of over 65,000 jobs. Three quarters of these vehicles are exported and the total export value amounts to more than \$12 billion annually.

The general perception held regarding Japanese imports from Canada is that they are food and natural resources. While this is true, Japan also imports manufactured products from Canada including Bombardier aircraft, CAE's flight simulators and many other products.

(3) Legal Framework

I would like to take a moment now to take note of the fact that the most important prerequisite to any successful international business relationship is legal integrity and stability that allows business people to operate on a fair and even playing field. This sounds obvious to many of us present here today. Unfortunately in many parts of the world a fair legal framework friendly to business does not exist. In non-democratic countries, the rules of the game can sometimes be changed overnight. The importance of strong democratic structures to the success of international business relationships cannot be overstressed.

Bilateral relations between two parliamentary democracies such as Japan and Canada are able to develop and flourish because the two countries can comfortably see "eye to eye" on fundamental issues. I believe it is this common ground that facilitated the formal launch earlier this year of negotiations toward a Canada-Japan Economic Partnership that has the potential to be very mutually beneficial. The first full round of official talks will begin on November 26 in Tokyo.

(4) Science and Technology

Both Canada and Japan are world leaders in high tech, IT and other science-based industries. Last year marked the 25th anniversary of the Canada/Japan Agreement on Science and Technology Cooperation. Building on this important milestone in our bilateral relations, there has been cooperation and advancements in many areas. Allow me to share with you specific information on three particularly successful areas of cooperation: iPS cells,

nanotechnology and space. All three of these areas have specific applications in both current industry and advancements for the future of mankind.

(a) iPS cells

As some of you may know, stem cells were first discovered in the 1960s by Canadian scientists Ernest McCulloch and James Till at the University of Toronto. Four decades later, the groundbreaking discovery of induced pluripotent stem cells (iPS cells) was made by Dr. Shinya Yamanaka of Kyoto University. In 2006, Dr. Yamanaka, building on an earlier discovery that the specialization of cells is reversible, determined that by introducing foreign genes into mature cells in mice those cells could be “reprogrammed” and developed into different types of cells. Dr. Yamanaka was awarded the 2012 Nobel Prize in Physiology or Medicine for his iPS research. I would like to note that he was also awarded Canada’s Gairdner International Award in 2009. Including Dr. Yamanaka, 9 Japanese scientists have received the Gairdner International Award since 1973.

The Canadian Institute 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 in the field of stem cell research. In June of this year, the second Canada-Japan joint stem cell workshop was held in Yokohama, Japan, following up on a very successful workshop in Toronto the previous year.

(b) Nanotechnology

Noteworthy collaboration between Canada and Japan is also taking place in the field of nanotechnology. In 2010, a comprehensive MOU in cooperative research was signed by Japan’s National Institute for Material Science (NIMS) and the Waterloo Institute for Nanotechnology (WIN), the University of Waterloo. Last November,

WIN hosted Canada-Japan Nanotechnology workshop in Waterloo.

(c) Space

Bilateral collaboration in the field of space exploration reached a significant milestone when Japan's unmanned transfer vehicle *Kounotoris (HTV1-3)*, launched by the Japanese rocket H-2B, have been successfully docking with the International Space Station to deliver experimental equipment, food and other supplies since 2009.

The HTV, which is made by Japanese manufacturers, is capable of large scale transportation of cargo to the space station following the discontinuation of the American Space Shuttle Program.

Canada's renowned robotic arm *Canadarm2* played a critical role in facilitating the docking of the HTV2. It was truly a memorable and proud moment for both Canada and Japan as the culmination of our technological achievement and collaboration was vividly played out in space for the whole world to see.

More recently, on September 14th of this year, Kounotori 3 (HTV 3) successfully accomplished its mission to the International Space Station. Subsequent launch opportunities will allow the vehicle to collect data on operation techniques, as well as scientific information that will be invaluable to the development of future unmanned spacecraft.

It is important to note that all of Japan's programs and activities related to space have been open, transparent and international.

The spirit of cooperation between Canada and Japan in the field of space exploration was bolstered earlier this year by the conclusion of a Memorandum of Understanding between the Canadian Space Agency and the Japan Aerospace Exploration Agency. That agreement will serve as a framework for future collaborative activity in the areas of space exploration, earth observation and science and research.

(5) People to People and Cultural Exchanges

Strong Japan-Canada ties are not forged solely by scientists and businessmen. Individuals are always at the core of friendship. Youth, academia, popular music, laughter, tradition and history are wonderful bridges among nations.

(a)youth

One of the pillars of the Japan-Canada relationship is strong and vibrant youth exchange programs such as the Japan Teaching and Exchange Program, Working Holiday program and Japanese Government Scholarship. These youth-based exchanges are pivotal to the future of bilateral relations because the participants are the ambassadors that go forward and promote mutual understanding and cultural awareness.

Over 8000 Canadians have participated in the JET Programme since 1988. This year alone, approximately 500 Canadians are working as English teachers throughout Japan. Year after year I am impressed by the enthusiasm of those participating in the JET program. Their tremendous interest in learning about Japan, as well as their passion for sharing their knowledge of Canada and the English language, is truly inspirational. I am also impressed by the activities of JET alumni associations throughout Canada. They are tireless in their efforts to promote Japanese culture and to generate interest in Japan.

(b)Academia

Academic exchanges between Japan and Canada are very popular. There are currently 241 exchange agreements between Japanese and Canadian universities. Furthermore, the Japan Studies Association of Canada (JSAC) frequently brings together experts on Japanese studies through the wide range of activities it sponsors and organizes. JSAC's 25th annual conference was sponsored by

Ottawa's Carleton University last month and it will be hosted by the University of Saskatchewan next year.

(c) Popular Music

Our two countries have produced a number of unique and impressive hybrid artists. One example is a musical group called MONKEY MAJIK, a band based in Sendai, Miyagi Prefecture, consisting of two Canadian brothers, one of whom is JET alumnus, and a Japanese rhythm team. In February of this year, they were appointed "Ambassadors of Resilience". They performed acoustic live shows in Ottawa and here in Toronto to rally support for a "Vibrant Japan" in Canada as reconstruction continued following the March 2011 earthquake and tsunami.

MONKEY MAJIK will come back to Canada again this weekend to perform concerts with the Japanese traditional tsugaru-shamisen players, YOSHIDA Brothers, in Toronto on November 18, Sunday at The Mod Club and in Ottawa on November 20, Tuesday at National Art Centre.

(d) Laughter

Another talented young artist is Katsura Sunshine. A native of Toronto, he is the only non-Japanese professional *rakugo* storyteller in the world. Rakugo is a traditional form of comedic Japanese storytelling which, since the Edo period in the 17th century, has brought laughter to generations of Japanese audiences. Last November, he performed before a sold out audience at our Embassy Hall and in September of this year he performed at the National Arts Centre in Ottawa and the University of Ottawa.

(e) Tradition

Before moving on, I would just like to briefly refer to a couple of major cultural events in Canada designed to introduce aspects of Japanese

life and history to a broad Canadian audience. Last year, from May to October, an exhibition called “*JAPAN. Tradition. Innovation.*” was featured at the Canadian Museum of Civilization. This excellent exhibition aptly captured the spirit of the Japanese people, who have long strived to find balance between the tradition and the innovation over two thousand years of nation- building.

(f) History

There are currently two exhibitions in Quebec featuring Samurai. One is at the Montreal Museum of Archaeology and History, and is called “Samurai - the Prestigious Collection of Richard Belivean,” which will run until March 31, 2013.

The other is an exhibition titled “Samurai: Masterpieces from the Ann and Gabriel Barbier-Mueller Collection” and is currently running at the Musée de la Civilisation in Quebec City. If you have a chance to visit Quebec City before next February, please try to take in this wonderful spectacle. I am sure you will be mesmerized by the world of samurai warriors, whose way of life was characterized by “bushido”, a moral code stressing frugality, loyalty, courtesy and martial spirit. You will also discover beautiful culture of the samurai era.

3. The Japanese economy: The Lost Decade and innovative dynamism represent two sides of the same coin.

I have already spoken three times in Toronto about the myth of the so called lost decade in Japan. On one of those occasions Mr. Paul Thoppil, the Canadian diplomat in Tokyo who is Minister in charge of commercial and economic affairs, gave a presentation providing a balanced look at the true strength of the Japanese economy. He was joined by several Canadian business leaders that described their personal success stories operating in the Japanese economy.

I will not repeat the details of my entire argument related to the so-called lost decade. I will, however, reiterate that it is important when considering any point of view to do so in a cool, impartial fashion rather than allowing oneself to be carried away by sensational headlines or exaggerated concepts such as boom. There is a tendency for people to see things in overly simplistic terms; total winner or total loser. That is why I would like to share with you a number of concrete examples that represent the both sides of the proverbial coin, as well as the resilience of a nation.

(1) Research and Development

Not many people are aware but since 2000, the number of scientists from Japan winning Nobel Prizes in the natural sciences is second only to their counterparts from the United States. In the so-called lost decade, ten Japanese citizens were awarded Nobel Prizes in Natural Sciences. Naturally, there are Japanese laureates in other fields as well.

I mention this fact not out of some misplaced national chauvinism. I believe that the resilience and strength of any nation is based on its research and development capabilities and on its ability to translate those capabilities into technology advancements.

One typical example is liquid crystal for television and smart phones. These indispensable tools in daily life are available because two Japanese chemists, Dr. Eiichi Negishi and Dr. Akira Suzuki, and one American chemist, Dr. Richard Heck discovered palladium-catalyzed, cross-coupling reactions could be used to forge new carbon-carbon bonds with precision. They were laureates in 2010.

(2) Applied technology with predominant world market shares

The application of cutting-edge technologies revitalized old companies that had lost their competitive edge in their traditional product. It also provided unique opportunities to some very small companies.

To illustrate the preceding, I draw your attention to three old industrial giants that have reemerged as world leaders in new products, as well as two examples of small factories that are now on the top of the world.

(First Example)

The world's largest double-decker passenger airplane, AIRBUS380, can taxi thanks to Bridgestone's specially developed tires designed to support that huge fuselage and can float in the air thanks to parts manufactured with TORAY's carbon fibers. New Boeing 787 Dreamliners also use Japanese-made carbon fibers. Most of the carbon fibers in the world market are made in Japan.

(Second Example)

Approximately 60% of polarizer film, an indispensable material used to produce liquid crystal panels for televisions are produced by Sumitomo Chemicals and Nitto Denko.

(Third Example)

Asahikasei is the leading producer of electromagnetic compasses, an indispensable component in smart phone production.

(Fourth Example)

SDC TANAKA INC is a company which has only 22 employees. Nevertheless, they are one of the world's leading producers of 'no-loose bolts' which were utilized to secure, for example, the docking of Japan's space module KIBO with the International Space Station. Bolts are key elements in most machinery and "no-loose" feature is indispensable in many cases.

(Fifth Example)

Tatsuta Electronic Wire and Cable Co., with 414 employees, has a tremendous world market share in functional shielding films, which prevent electromagnetic interference in smart phones, internal systems in automobile and electric cars, digital cameras, and liquid

crystal panels.

(3) Strength of continuity and sustainability

As I mentioned earlier, Mr. Thoppil spoke about the true strength of Japanese industry. One of the points he focused upon was tradition and innovation that kept astonishing numbers of Japanese companies operating continuously for centuries or even longer. There are in fact 22,219 Japanese companies that are more than 100 years old, 1,200 firms more than 200 years old, and 39 firms more than 500 years old. The Kongo-gumi construction company was founded in year 578 AD. Many Japanese companies are able to surviving against the tide and elements for centuries by adapting to changing economic realities while, at the same time, preserving traditional spirit. Complacency is the greatest enemy and marketing and technology advancement the most reliable allies for these companies.

To illustrate this point, consider the anti-seismic principles and techniques employed in the construction of modern high-rise buildings in Japan. One such technique can be traced back to the construction of centuries-old Buddhist temples, including the five-story Horyuji Temple, in the Nara Prefecture, which was completed in A.D. 680 and is the oldest free-standing wooden structure in the world. The temple has a primary pillar that is implanted in the ground and runs from top to bottom. All five stories, while connected to the main pillar are structurally independent from each other. This allows each level to sway independently and absorb shocks from earthquakes. Today, most newly build skyscrapers employ this general principle and are constructed on a flexible, “floating” foundation.

4. Closing Remarks

It is my sincere hope that, as two leading parliamentary democracies,

Japan and Canada will continue making a positive contribution, both individually and in partnership, to a better future.

I thank you for your kind attention.