

Lecture by Mr. Kenjiro Monji, Ambassador of Japan to Canada

“Towards a broader relationship between Japan and Canada”

Luncheon-lecture hosted by Japanese business associations in Vancouver

Wednesday, September 9, 2015

The Coast Coal Harbour Hotel, Vancouver

Distinguished guests, Ladies and Gentlemen,

Thank you very much for giving me the opportunity to speak in Vancouver on the occasion of my first official visit to British Columbia. I would like to express my deep gratitude to the business associations, especially the Japanese Business Association of Vancouver (Konwakai), for their efforts in preparing this seminar at short notice during the summer holiday season. My appreciation also goes to the Canada-Japan Society of British Columbia, the Vancouver Japan Business Association (Kiyukai), the Japan Women’s Business Association, the Japan-Canada Chamber of Commerce, and the Kenyukai. My wife and I have been truly enjoying this beautiful city of Vancouver and we look forward to visiting Victoria this afternoon.

Vancouver is the gateway of Canada to Asia-Pacific region whose importance for Canada has been steadily increasing in recent years. Indeed, I can feel the presence of Japan here. You have Nitobe Memorial Garden, many cherry blossom trees, various Japanese restaurants, even a Japanese sake brewery. You also host many Japanese events and festivals. To my regret I missed Nikkei Matsuri this past weekend and “Anime Revolution” in August. I will have to come back to Vancouver to attend these and many other events in the future.

I am so delighted to have been assigned as Ambassador of Japan to Canada. This is my ninth overseas posting and fourth as Ambassador. Our two countries have been

enjoying excellent relations for many years. And Japan and Canada share fundamental values such as democracy, respect for human rights and the rule of law. Our bilateral relations progressed greatly in the mid-1970s when our economic bonds started to expand quite rapidly. It was also since the mid-1970s that our two countries have been closely coordinating policies on important political and economic issues of today's world as members of the G7 that started in 1975, the year I joined the Japanese Ministry of Foreign Affairs.

Therefore, I thought that our bilateral relations had been growing steadily and getting better and better. So, I was surprised or even shocked to find out that today we are not necessarily at the peak moment of our good relations.

Let us look at the trade and the tourism. The total value of our two-way trade peaked in year 2000 (around C\$26B), after which it contracted by 7% in the 14 years between 2000 and 2014. Japan was Canada's second largest trade partner until 2002, however, since 2009 it has fallen to the fifth place (except for 2013), overtaken by China, Mexico and the U.K. In Japan, Canada's rank in total trade value has also fallen during the same period both in exports and imports.

The same applies to trade between British Columbia and Japan. Its total value decreased by astonishing 45% between 2000 and 2014.

We all know the reasons behind this. They are threefold; nearly two decades of recession in Japan, NAFTA and other FTA that Canada has concluded with other trading partners, and more recently, the economic rise of China.

With respect to the tourism, Japanese visitors to Canada totalled nearly 280,000 in 2014, which represents a decrease to one third compared to the peak year in mid-1990s.

I was surprised by this unexpected setback. At the same time, I thought this might indicate a great potential for advancing our relations again in the future. From this viewpoint, today I would like to touch upon the current state of Canada-Japan relations and how to enhance them.

As Ambassador of Japan to Canada I would like to focus on three areas; economy, security and culture.

1. Economy

First area is economy. We can strengthen and diversify our economic relations in trade, energy, science and technology, and other areas.

(1) TPP/EPA

Firstly, trade is the basis of our bilateral relations. As you know, Japan puts much importance to TPP. Japan has no FTA with US nor with Canada. We are at the final stage of the TPP negotiations. While all the 12 participating countries tried hard to conclude the negotiations at the end of July, this has not been achieved yet. It was reported that there still remain some outstanding issues on dairy products, pharmaceutical intellectual properties, and automotive products. Japan will exert every effort to achieve a successful outcome as early as possible.

Japan is not forgetting the bilateral EPA with Canada and will continue to pursue its negotiations, taking into account the development of the TPP. We can expect additional benefits in areas such as the stable supply of energy to Japan and the freer movement of business people across the border.

(2) Energy

Secondly, let me move on to the energy. Both Canada and Japan can genuinely benefit from greater cooperation in this area. I learned a bit about energy in my diplomatic career, as I had been assigned to 4 energy rich countries; Australia, Iraq, Qatar and Canada. Qatar became the world biggest producer and exporter of LNG in 2010 occupying one third of the world share and became the number 1 supplier of LNG to Japan in 2013 both while I was in Doha as Ambassador.

Japan heavily depends on imported energy for about 90% of its energy consumption. And its dependence on imported fossil energy as a source of power increased dramatically after the nuclear accident at Fukushima in 2011. Before Fukushima the dependence ratio was 61% and in 2012 it went up to 88%. In particular, the share of LNG increased from 29% to 43%.

In “Japan’s Energy Mix for 2030” updated in July this year, the share of LNG, an environmentally friendly energy source, is set at 27% , which is higher than that of other sources such as renewable energy and nuclear energy.

Therefore, the stable supply of LNG and the diversification of its supply sources are essential for Japan. And Canada is one of the important potential LNG suppliers, because Canada is a stable industrial democracy and there is no chokepoint for its LNG transport to Japan such as the Holmes Straits or the Malacca Straits.

I think that the diversification of export destinations of LNG is also important for Canada, as the U.S., a traditional buyer of energy from Canada, is now becoming an energy exporter.

Just one reminder; the development of LNG is a very long term project and involves a huge investment. Once agreed and implemented, the project will continue for quite a long time. If one loses the contract to other countries, the next chance may not come for quite a while. Many other countries are also trying hard to develop and sell LNG.

Some Japanese companies have been engaged in LNG terminal projects in B.C., and Japan hopes that the export of LNG to Japan will be realized in a timely manner and at competitive prices. At this juncture, the Pacific Northwest LNG project led by Petronas is awaiting the results of an environmental assessment by the Federal authorities, CEAA. Successful implementation of this project will lead the way for many other LNG projects in B.C. The Government of Japan is ready to support these projects and has been talking closely with both Federal and Provincial governments.

(3) Science and technology

Thirdly, Japan and Canada have been conducting various cooperative activities under the Science and Technology Cooperation Agreement of 1986. Currently we are focusing four priority areas; 1) Stem cells and regenerative medicine, 2) Nanotechnology, 3) Sustainable energy, 4) and Arctic research.

The next official bilateral meeting under the Agreement will be held in Ottawa in 2016 to discuss new areas of cooperation. I understand that the University of British Columbia is a top-ranked research university in the world in various fields, in particular, quantum materials, which, I hope, could be a promising area for the future collaboration.

I am happy to announce that two Japanese scientists will be awarded the prestigious Canada Gardner International Award for their achievement in life science. I hope that further cooperation will be pursued in this area in addition to the current joint funding project of \$12 million CAD over 5 years.

(4) Broadening of our economic partnership

Fourthly, I would like to touch upon the nature of our economic partnership. It is quite often said that the economic relationship between Canada and Japan is complementary. It is true in the sense that Japan imports natural resources from Canada and exports manufactured goods to Canada. However, in my personal view, we should further our efforts to take our economic partnership to a new stage beyond the simple complementarity. Canada is an advanced industrial nation and nearly 30% of its top export items are manufactured goods. And I think there is a potential to promote the cooperation in those competitive areas for both countries, including the expansion of two-way direct investments.

(5) Support to the Japanese companies

Fifth point is the support to the Japanese companies. There are about 750 Japanese companies in Canada, and 250 in British Columbia alone. They are mainly in the areas of manufacturing, mining and energy, however, we have seen recently new entrants in the entertainment industries, such as video games and anime, etc.

To further promote our bilateral economic relations, the Embassy and four Consulate-Generals in Canada, in close coordination with other relevant Japanese authorities, such as JETRO, CLAIR and JNTO, will support Japanese companies in their operations in Canada including new entries thereto.

2. Security

My second area of priority is security and defense. I had been in charge of these issues for more than 30 years both in Foreign Ministry and Defense Ministry. In view of the increasingly complex global security environment, it is essential that Japan and Canada promote cooperation in the area of security.

We all know that Canada is a both Atlantic and Pacific nation. Yet, Canada has lived more as an Atlantic country for many years. It is only recently that Canada started to look at the West, but mostly through economic eyes. In order to have a balanced view of the Asia-Pacific, it is important to take interest not only in the economic situation but also in the security environment. A favorable security environment is essential for maintaining stable economic relations with the countries in the region. I hope that Canada, as an advanced industrial democracy, shares with Japan some of the security concerns in the region to which Canada also belongs, such as situations in North Korea, the South China Sea and the East China Sea.

New security legislations are now under deliberation in the Upper House of the Diet, Japan's Parliament. Once enacted, these legislations will allow Japan to make more proactive contribution towards global peace and stability. I would like to take this opportunity to quote second last paragraph in the Statement of Prime Minister Abe on the occasion of the 70th anniversary of the end of the war.

We will engrave in our hearts the past, when Japan ended up becoming a challenger to the international order. Upon this reflection, Japan will firmly uphold basic values such as freedom, democracy, and human rights as unyielding values and, by working hand in hand with countries that share such values, hoist the flag of "Proactive Contribution to Peace," and contribute to the peace and prosperity of the world more than ever before.

I am sure that Japan and Canada can work together in the security and defense area based on the following progress made recently.

(1) First is the political and security dialogue. We have been conducting political and security dialogues through frameworks such as the Political, Peace and Security Subcabinet "2+2" and the Symposium on Peace and Security Cooperation. I was one of the founders of the latter Symposium in 1997 in which I participated in 2006 here in Vancouver at UBC.

(2) Second is ACSA (Acquisition and Cross-Servicing Agreement). ACSA which deepens our defense cooperation was essentially agreed on at the summit meeting

between our two leaders in September, 2013. I hope it will be finalized in the near future in line with the new security legislations.

(3) Thirdly, the defense exchanges and cooperation are actively taking place, such as the recent port calls by MSDF vessels to Vancouver and Halifax, and the visit of the Japanese Chief of Staff of the Joint Staff Council to Canada in April 2014 for the first time in 15 years and the visit of the Chief of Staff of Japan's Maritime Self Defense Force in June this year.

3. Culture

The third area of priority is culture on which I have been putting special emphasis. Japanese people have a very good impression of Canada, but many Japanese have little knowledge of what Canada is really like. The same can be said about Japan in Canada. Because no Canadian reporters are based in Japan, Canadian people do not see much news on Japan in newspapers nor on TV. And the situation is the same for Canada in Japan due to the absence of Japanese press in Canada.

Under such circumstances, I would like to promote mutual understanding between our two peoples through cultural exchanges, educational exchanges, people-to-people exchanges and tourism.

(1) Cultural exchanges

Firstly, I intend to conduct various cultural events ranging from traditional to contemporary, including, of course, pop culture such as Manga, Anime, J-Pops and J-Idols. I have been vigorously pursuing pop culture diplomacy for the past eight years through the appointment of Kawaii or Cute Ambassadors, participation in the World Cosplay Summit as one of the organizing members, the first ever Kawaii Fashion Show and Cosplay Show in Qatar, a very strict Muslim state, and many others. However, the Government is not trying to support the pop culture industries. They do not need our help. They became popular all over the world on their own. Rather, the Government is asking them to support us with their huge power of attraction. Japanese pop culture with its incredible popularity especially among young people can be one of the most effective gateways to Japan and its culture as a whole.

I think that Japan has now become a soft power giant and soft power is quite effective in diplomacy if properly applied. Japanese cuisine and sake are also our proud national treasure and the most delicious soft power. I wish I had more time to talk on this subject. I simply mention here that the Japanese cuisine was inscribed on the list of Intangible Cultural Heritage of Humanity of UNESCO when I was Ambassador to UNESCO and the best beverage to accompany Japanese cuisine is Japanese sake which I promote as one of 54 Sake Samurais in the world.

(2) Educational exchanges

Secondly, nearly 11,000 Japanese students came to Canada to study in 2013 under various exchange programs. And only 359 Canadian students went to Japan in 2012. Importantly, the number of exchange students from Japan to Canada, based on the agreements between universities, has increased by three and a half times in the past decade. This is very encouraging, as the overall number of Japanese students going overseas has been decreasing since 1997.

(3) People to people exchanges

Thirdly, I truly see the value of exchange programs especially for young people, since I myself was an exchange student to a high school in up-State NY forty years ago. Although the number of Canadian students who study in Japan is rather small as I just mentioned, we have a wonderful exchange program for youth to offset this.

The JET program under which Japan welcomes many young people from all over the world is said to be the most successful exchange program. Each year Japan receives about 200 young Canadians. As they stay for two to three years, at any given moment there are about 500 Canadians taking part in this program. They are spread out all over Japan, not only to big cities but also to small towns or even remote islands to teach English and share their international experiences to secondary school students. So far, more than 8,400 Canadian youth have participated in this program, which is the second largest group after the US among the JET alumni of 60,000 worldwide.

(4) Tourism

Fourthly, the promotion of tourism is also an effective way to promote mutual understanding with economic benefits. As has been mentioned before, the number of Japanese visitors is now around one third of its peak year. However, it is on a recovering trend due to the new flight services and other reasons.

Canadian visitors to Japan rapidly decreased in 2011 due to the Great East Japan Earthquake, but the number of visitors has increased since. In 2014, the number of Canadian visitors to Japan hit a record high of about 183,000. I am sure this number will further grow in line with the general increasing trend of foreign visitors to Japan.

I would like to endeavour to find out how best to promote two-way tourism between our countries. I will certainly visit many places in Canada and tell my compatriots the beauty and wonder of Canada.

4. Conclusion

I have briefly touched upon our bilateral relations. Having spent almost 5 months in Canada, I am still learning a lot about this wonderful country. At this moment, the campaign for the general election is the focus of national attention. The Embassy and the four Consulate-Generals are following the campaign with much interest. However, I am sure that, whatever the results of the election may be, the importance of Canada-Japan relations will be unchanged. So I look forward to closely working with my counterparts and with all the people involved in our bilateral relations.

Thank you for your attention.