

Evolution of Japan-Canada Relations into a "New Chapter": the increasing geopolitical strategic importance of our relationship

The year 2023 is a significant year for Japan-Canada relations. A little history: in January 1928, the governments of Japan and Canada agreed to establish formal diplomatic relations. This year marks the 95th anniversary of that decision. In July of the same year, the Japanese legation was established in Ottawa and Iemasa Tokugawa, grandson of the 15th Shogun Yoshinobu Tokugawa, became the first Minister Extraordinary and Plenipotentiary of Japan. At this time, Canada was a self-governing territory of the British Empire and it was not until the Westminster Charter of 1931 that Canada became a sovereign nation in both name and reality. Prior to this, Canada had exchanged diplomatic missions with only four countries: Japan, the United States, the United Kingdom, and France. Japan-Canada relations have overlapped with the history of Canada as a sovereign nation itself. However, the first encounter between Japan and Canada is even older, dating back to 1833, according to the Diplomatic Archives of the Ministry of Foreign Affairs of Japan. Three fisherman brothers from Wakayama Prefecture, whose names are Iwakichi, Hisakichi, and Otokichi, were out fishing in the Pacific Ocean when they were caught in a storm and washed ashore on the coast of what is now British Columbia, where they were saved by local people. This year marks the 190th anniversary of the event.

One more historical illustration. The first Canadian visit to Japan was in 1873, six years after the founding of Canada. This year marks the 150th anniversary of that visit. They were Cochrane and Macdonald, missionaries of the Methodist Church. They later established private schools, with the girls' school developing into the present-day Toyo Eiwa Jogakuin and the boys' school into Azabu High School. Azabu High School produced two Prime Ministers of Japan, Ryutaro Hashimoto and Yasuo Fukuda. Hanako Muraoka, translator of "Anne of Green Gables," was a graduate of Toyo Eiwa. I can feel the deep and rich historical ties between our nations.

Japan and Canada share fundamental values such as democracy, the rule of law, and human

rights. We are important economic partners to each other and are both members of the G7, G20, Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and Asia-Pacific Economic Cooperation (APEC). Japan-Canada relations have developed favorably.

In the 21st century, the current international situation is extremely severe amid the Ukraine crisis, repeated North Korean missile launches, and continued attempts to unilaterally change the status quo in the South China Sea and East China Sea. The explosion of COVID-19 has exposed a dangerous aspect of globalism. Global warming and extreme weather are real threats. The implications of high tech for politics, economics, civilian life, and the military are complex. Paradoxically, freedom, the very foundation of democracies, is under threat by disinformation, sparking division.

For Japan to enjoy peace, stability, and prosperity, it is imperative that the Japan-U.S. alliance be further strengthened while at the same time strengthening relations with like-minded countries. In this sense, the Japan-Canada relationship is facing a historic opportunity. I would like to discuss the possibilities and potential of the Japan-Canada relationship here.

The Realities of Canada as a Resource-Rich Country

Russia's invasion of Ukraine on February 24, 2022, was a violation of international law and changed the international landscape drastically. Today's Ukraine may be tomorrow's Asia. Japan, in cooperation with the G7 nations, is also imposing strict sanctions against Russia and this has resulted in various side effects. Take, for example, potassium chloride. Japan relies on imports for all of this raw material, which is essential for fertilizer production, and about 30% of these imports came from Russia and Belarus. Japan has imposed sanctions on these countries in response to the invasion of Ukraine, leading to an import shortfall in Japan. If Japan does not make up this shortfall, it will soon run out of fertilizers, which will have a major impact on its agricultural operations. This brings us to Canada, which has traditionally accounted for approximately 60% of Japan's potassium chloride imports. Canada is the only country that can realistically be expected to supply the approximately 30% shortfall, and the public and private sectors are working together to address the situation.

Potassium chloride is just one example. Intertwined with the situation in Ukraine, COVID-19, global warming, and economic intimidation by despotic states, the international community is facing a situation where supply chains for food, energy, and semiconductors are severely affected. In such an environment, the importance of Canada, which boasts approximately 250% food self-sufficiency on a calorie basis and 190% energy self-sufficiency, is indisputable, especially considering the reality that Japan's food self-sufficiency rate is 38% and its energy self-sufficiency rate is 13%. The importance of Canada is becoming apparent as a resource-rich country that shares basic values, has a stable domestic situation, and is an extremely low risk country.

Indo-Pacific Strategy and Japan-Canada Action Plan

Canada is currently making a major shift in its foreign and security policy. Historically and geographically, Canada has had strong ties with Europe and the Atlantic, but in light of the current geopolitical situation, the Canadian government announced its Indo-Pacific Strategy. On November 27, 2022, Foreign Minister Melanie Joly, International Trade Minister Mary Ng, International Development Minister Harjit Sajjan, and Public Safety Minister Marco Mendicino held a joint press conference in Vancouver, the gateway to the Indo-Pacific. Immediately afterwards, Defense Minister Anita Anand also held a separate press conference online. The enthusiasm of the Canadian government is palpable. Recognizing that Canada is a Pacific nation, the strategy sets five objectives: security, economy, connecting people and culture exchange, climate change, and partnership, and states that it will invest an additional 2.3 billion CAD over the next five years.

With regard to China, Canada has positioned the country as "an increasing disruptive global power." Canada recognized and normalized diplomatic relations with the People's Republic of China in October 1970, prior to US President Richard Nixon's surprise visit to China in February 1972. Improved relations with China were at the core of the "foreign policy for Canadians" set out by Canadian Prime Minister Pierre Elliot Trudeau (father of current Prime Minister Justin Trudeau) and symbolized an independent diplomacy rather than following the US. However, in a speech on the current strategy, Foreign Minister Joly exclaimed, "The China of 2022 is not the China of 1970." The Canadian government does not dictate to the private sector, but she pointed out that China does not share basic values such as the rule of

law, democracy and human rights, and companies should do business fully aware that there are a variety of concerns. The Foreign Minister asserted that Canada will cooperate with China in areas where it should cooperate, such as climate change, but will compete in areas where it should compete, and will say what it needs to say firmly and decisively.

Canada's strategy is also consistent with Japan's national security strategy and includes many initiatives that both countries should cooperate on. Of particular note is the "Japan-Canada Action Plan for contributing to a free and open Indo-Pacific region," jointly announced by the Japanese and Canadian Foreign Ministers in October 2022. It describes actions in six priority areas: (1) Rule of Law; (2) Peacekeeping Operations and Peacebuilding, Humanitarian Assistance and Disaster Relief; (3) Health Security and Responding to COVID-19; (4) Energy Security; (5) Free Trade Promotion and Trade Agreement Implementation; and (6) Environment and Climate Change.

First of all, note the Japan-Canada General Security of Information Agreement, which will ensure further progress in cooperation with Canada, a U.S. ally and one of the Five Eyes. Formal negotiations are expected to be held in the near future. Secondly, let us consider the participation of Canadian navy vessels in monitoring North Korea's illegal ship-to-ship transfers. The Canadian Navy has dispatched two of its five frigates on the Pacific side to Japanese waters, including the East China Sea, at the same time. It plans to dispatch one additional frigate out of the seven on the Atlantic side in the future. These actions demonstrate a strong commitment. Thirdly, the CPTPP is also an important framework to realize a "Free and Open Indo-Pacific." The UK is currently negotiating to join the CPTPP. The agreement's high standards must be maintained and its strategic value strengthened. In addition, cooperation in the Arctic region, which is of growing geopolitical importance, is a new challenge.

Japan-Canada Business Relations "The Canadian Renaissance"

In September 2022, a joint meeting of the Japan-Canada Chambers Council was held in Toronto, now the third largest city in North America. It was an excellent opportunity for business leaders from the two countries have discussions in the current international situation, which is changing dramatically with the invasion of Ukraine, COVID-19, and other issues.

The three thematic panels on supply chain resilience, energy security, and food security led to lively discussions with front-line business, government, and academia participants. The panels were led by insightful facilitator Perrin Beatty, current President of the Canadian Chamber of Commerce and former Foreign Minister. A joint statement was prepared and signed by Steve Dechka, Chairman of the Canadian side (former President of Campotex), and Tatsuo Yasunaga, Chairman of the Japanese side (Chair of the Board of Directors of Mitsui & Co., Ltd.). Ambassador of Canada to Japan Ian McKay and I had the honour to witness this signing.

The month after the joint meeting, a symbolic future-oriented investment deal was announced. Mitsui & Co. Ltd. underwrote US\$25 million of NMG's convertible bonds. This is part of Panasonic Energy Co., Ltd.'s overall business plan to produce batteries for electric vehicles. NMG plans to mine graphite at its Matawinie mine in Quebec, refine it using clean energy from hydroelectric power generation, and start up a demonstration plant in North America for integrated production of lithium-ion batteries for electric vehicles, from raw materials to anode materials, with mass production planned in a few years. Since 25% of greenhouse gas emissions comes from the transportation sector, zero-emission vehicles are the key to the future automobile market. At the heart of these vehicles is the battery, and critical minerals such as graphite and lithium are indispensable for its production.

Due to this, the "Critical Minerals Strategy" announced by the Canadian government in December 2022 is attracting attention. The Government of Canada has clearly stated the core of the strategy, namely that, "Critical minerals are not just the building blocks of clean technology like solar panels and electric vehicle batteries – they are a key ingredient for creating middle class jobs and growing a strong, globally competitive Canadian economy. The move toward a global net-zero economy is generating a significant increase in demand for critical minerals around the world, creating a generational opportunity for Canadian workers and Canadian businesses. Concurrent geopolitical dynamics have caused like-minded countries to reflect on the need to have stable and secure resources and the clean technologies they enable. [...] The Government of Canada is committed to seizing this opportunity in a way that creates good jobs and economic opportunity in every region of the country while achieving Canada's ambitious climate goals and advancing reconciliation, and contributing to global security and supply chain resilience [...] Jonathan Wilkinson, Canada's

Minister of Natural Resources, released Canada's Critical Minerals Strategy, backed by up to \$3.8 billion in federal funding allocated in the 2022 Federal Budget."

Notably, prior to this on November 2, 2022, the Canadian government announced that it had issued an investment divestiture order to three Chinese companies involved in critical minerals in Canada, based on the Investment Canada Act.

Critical minerals are at the crossroads of global warming countermeasures and economic security, and represent a once-in-a-lifetime opportunity for Canada, a resource-rich country poised to take a further leap forward. There are many challenges to development, including the need for infrastructure development, the easing of environmental regulations, and the understanding and support of Indigenous peoples. However, the potential is great and I would like to support the good work of Japanese companies.

Traditionally, Japan-Canada economic relations have been dominated by trade in agriculture, fisheries, lumber, and natural resources, as well as automobile-related investment, but now new areas of Japan-Canada business are emerging. For example, "LNG Canada," which Prime Minister Trudeau pointed out is "the largest private investment in Canadian history," will begin exporting LNG from the West Coast in the mid-2020s and could change the global energy landscape. There are also projects related to the green economy, such as hydrogen, fuel ammonia, small modular nuclear reactors, and urban transportation. The Toronto Waterloo region is home to a vibrant start-up ecosystem of the world's most advanced technologies, including artificial intelligence (AI) and quantum computing. It is a situation that could be called a "Canadian Renaissance." At the same time, however, there are various challenges to commercialization of these cutting-edge technologies. We look forward to a new frontier of cooperation between Japan and Canada.

Prime Minister Kishida's Visit to Canada

In January 2023, Prime Minister Kishida visited Canada as part of his visit to G7 countries in his capacity as G7 chair to ensure the success of the G7 summit in Hiroshima, which will hold in May 2023. During their meeting, Prime Ministers Kishida and Trudeau were in full agreement on the importance of an international order based on the rule of law and in firm

opposition to attempts to unilaterally change the status quo by force. They had frank and constructive discussions on regional situations such as Ukraine, North Korea, and China; the global economy, including energy and food security; economic security; global issues such as climate change, health, and development; and nuclear disarmament and non-proliferation. Prime Minister Trudeau spoke enthusiastically of his readiness to do whatever he could to fully cooperate and ensure the success of the G7 Hiroshima Summit.

The two leaders also exchanged views on a Free and Open Indo-Pacific and committed to the steady implementation of the Japan-Canada Action Plan. Prime Minister Kishida outlined Japan's new National Security Strategy, including the drastic strengthening of defense capabilities and doubling of the defense budget, and expressed his welcome of Canada's Indo-Pacific strategy.

In economic relations, our prime ministers both confirmed cooperation in the energy and food sectors, including through the "LNG Canada" project. They also expressed strong expectations for Japanese investment in zero-emission vehicles, lithium batteries, and critical minerals, and the plan for a visit to Japan this October by a "Team Canada" trade mission, consisting of Canadian public and private sector representatives, was announced.

The summit was followed by a luncheon hosted by Prime Minister Trudeau for more than 100 people involved in business between Japan and Canada. The two leaders discussed ways to strengthen relations with the Global South in order to unite an international community that is becoming increasingly divided and confrontational.

Prime Minister Kishida's visit covered issues that ought to be discussed at the summit level under the current international situation. It sent a clear message to the world and deepened the personal relationship of trust between the two leaders. It will serve as a foundation for further development of Japan-Canada relations in the future.

Canada as an Immigrant Nation

Finally, I would like to touch on the current situation regarding immigration. According to the 2021 Census, the total population of Canada is 36,991,981. This is an increase of

approximately 1.8 million (5.2%) since the last census in 2016, the fastest population growth in the G7. Of this increase, 70% is from immigration. A very recent poll on immigration (September 2022) is highly suggestive. The key results were as follows:

Q. Are there too many immigrants? Yes: 27%, No: 69%

Q. What is the impact of immigration on the Canadian economy? Positive: 85%, Negative: 13%

Q. Does Canada need more immigration to increase its population? Yes: 58%, No: 38%

Q. Is Canada too accepting of racial minorities? Yes: 24%, No: 69%

Canada and the U.S. are immigrant nations that started out as British colonies. While the U.S. is a leader in freedom and democracy in the international community, domestically it is divided and its people are inward-looking. Canada, on the other hand, is open-minded and serious about diversity and inclusion, and has begun to look seriously toward the Indo-Pacific region. Japan has much to learn from Canada, and Canada is a trustworthy partner.

Canada's strategic importance is increasing in the ongoing drastic changes to the international situation. In January, at a joint press conference by our prime ministers, Prime Minister Kishida remarked that the international order is exposed to various challenges and the security environment is increasingly tough. Under these conditions, Japan is committed to strengthening cooperation with Canada to maintain and advance peace and stability in the international community.

It has been said that the Japan-Canada relationship is good but for the problem that we have no problems. Amid the demands of the times and in light of the geo-political reality of the 21st century, I am confident that we can further strengthen our cooperation and coordination and evolve our bilateral relationship into a new chapter.