



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on International Trade**

---

CIIT • NUMBER 054 • 1st SESSION • 41st PARLIAMENT

---

**EVIDENCE**

**Tuesday, November 6, 2012**



**Chair**

**The Honourable Rob Merrifield**



## Standing Committee on International Trade

Tuesday, November 6, 2012

• (1535)

[English]

**The Chair (Hon. Rob Merrifield (Yellowhead, CPC)):** I call the meeting to order. We're continuing our study of a comprehensive and high-level economic partnership agreement with Japan.

We have before us Donald Campbell, who is the senior strategy advisor and who was the ambassador to Japan, but I forget for which years.

**Mr. Donald Campbell (Senior Strategy Advisor, Davis LLP):** It was five years actually, 1993 to the end of 1997.

**The Chair:** Okay, from 1993 to 1997. It's great to have you with us.

We just got back from a very aggressive week in Japan. Some of us are still suffering from a little jet lag, but nonetheless, we are functional. I want to yield the floor to you, if you have any comments, and then we'll have questions and answers.

Thank you for being here.

**Mr. Donald Campbell:** Thank you very much, Mr. Chair. It's a pleasure to join the committee.

First of all, I would like to commend the committee for undertaking this task of looking at the Canada-Japan EPA, or free trade agreement. In my experience, it's somewhat unusual to do it before the agreement is actually in place. I think that's a very good thing.

I should probably sketch out more of my background to help you know where I'm coming from. I am currently, as the chairman has indicated, the senior strategy advisor with Davis LLP, a national Canadian law firm and the only Canadian law firm with a branch in Tokyo, Japan, so you'll see my interest from there.

On the trade front, I was the senior assistant deputy minister for U.S. affairs during the negotiation and implementation of the Canada-U.S. Free Trade Agreement. I was also the deputy minister of international trade, supervising the NAFTA negotiations. My trade background goes back a fairly long way.

As you've indicated, I spent five years in Japan as the Canadian ambassador, following which I was the Canadian deputy foreign minister from 1997 to 2000. I then graduated from government and went to the private sector with CAE in Montreal as group president. It is one of Canada's great treasures. It is a company that has had over 90% of its business for the last 40 years internationally, including a significant role in Japan. I was there for seven years.

I also chaired for Canada, the Canada-Japan Forum 2000 from 2003 to 2006 which reported to Prime Minister Harper and to then Prime Minister Koizumi. Included in the recommendations, as previous advisory forums had done, was a recommendation that Canada and Japan enter into a free trade agreement.

I should also say that I am currently the international co-chairman of the Pacific Economic Cooperation Council, which is an advisory group to 25 governments, most of whom are members of APEC, on economic and trade issues.

In the interests of full disclosure, although I do not purport for a moment to represent either of them, I am on the board of directors of Toyota Canada Inc. and of Canfor Pulp Products Inc., which has a very significant market in Japan.

Those are my confessions to you. It will be no surprise to you that I am a strong advocate of the negotiation of an economic partnership agreement with Japan. It's been a long time coming, as Wendy Dobson, I think, indicated to you previously. She was working on this as far back as 1986. Some of us were proposing this in the 1990s and then you had the 2005 economic framework, the 2007 report, the 2011 report, and finally the March 2012 report on what's been called the complementarity study.

There's been a lot of work and a lot of angst in terms of getting there for a whole array of reasons, but at least we've got to this stage. I may be your last witness, I'm not sure, but as one of your later witnesses, I've had the benefit of reading the testimony that's been presented to the committee. I don't intend to repeat in any way shape or form a lot of the basic information which you already have. I'm also aware of some of the particular issues that you are interested in, or concerned about.

I'll just make three points and then I'll certainly engage in a dialogue with you.

As you all know, Japan has been a major partner. We had a trade commission in 1904 in Yokohama. Trade was very much in William Lyon Mackenzie's mind in 1929 when we established diplomatic relations with Japan. The economic part of the relationship has been the dominant one throughout.

However, it's true to say that both sides have become rather complacent in the relationship. In Tokyo, Perrin Beatty described the two countries as two old guys sitting on a park bench. There's a certain truth to that. Certainly, I think the relationship needs revitalization. It needs a sense of momentum and there's no better place to do that than in the trade relationship. I'm not just talking about intergovernmental relations; I'm talking about the private sector as well, which I think needs some new momentum.

When I was in Japan in the mid-1990s, the two-way trade looked almost exactly as it does today. We haven't gone anywhere since then. If you take 2000 to 2010, the increase in Australian exports in that 10-year period is about double our total two-way trade. That's a country that by and large is competing with us in the majority of the products we provide. Australia is a country that has put great focus on Asia, a great focus on Japan, and they have reaped some significant rewards. I think there is a message for us there.

We need to look at this within an Asian context. I am also a strong advocate for our participation in the trans-Pacific partnership, but I don't think it is a substitute for a Canada-Japan free trade agreement. The Japanese for many years were opposed to regional or bilateral trade agreements, and put all of their faith in the World Trade Organization and the successive rounds. I think we recognize that it would be the best of all possible worlds if the Doha round could be completed, but the real world is not there. People are furiously engaged in negotiations to try to get comparative advantage or discriminatory advantage, and we need to be in that game. The current government is engaged in going down that path. However, when you look at the agreements, you see that Japan, in volume of trade and value of prospects, sits very much by itself.

We need to think big and have as comprehensive an agreement as possible. It should cover the whole array of trade in goods and services, intellectual property, procurement, and dispute settlement. I appreciate that in any trade agreement there are sensitivities. The paragraph on the sensitivities in the March report is very skilfully and diplomatically drafted, but I don't think that means the negotiators should shy away from the tough issues. We need to make this agreement as broad as possible.

As we found out with both the Canada-United States Free Trade Agreement and the NAFTA, these agreements engender increased awareness and respect within countries and business communities. Specifics in the agreement, such as tariff reductions, don't always have a big effect, but we experienced what the economists call the gravity effect, which is a psychological change in the relationship between the two countries. That's what these agreements, if properly crafted, provide.

• (1540)

Finally, as the report indicates, there is a lot of complementarity in the trading relationship. There are areas that I think both countries would benefit from exploring further rather than just continuing on the traditional lines that we have had. We can discuss those as well.

Thank you.

**The Chair:** Thank you and just to let you and the committee know, you are the last witness. You're a great wrap-up to the study that we have had, and as I said, coming from the meetings in Tokyo

and Osaka that were very comprehensive, you're a great way to finish off our witness list.

We'll start with questions and answers.

Mr. Davies, the floor is yours.

• (1545)

**Mr. Don Davies (Vancouver Kingsway, NDP):** Thank you, Mr. Chairman.

First, I'd like to thank you, Mr. Campbell, for taking time. I know you're an extremely busy person and a person of your expertise can be really helpful to this committee. I also want to thank the chairman for arranging for you to be here today. It took some special arrangements and I'm really glad to get the benefit of your wisdom and experience.

We just got back from Japan. As I was saying to you, you don't really know a place, I don't think, until you go there. The visit was enormously illuminating.

I'll start with one thing that I found out when I was there, which is that trade deals are about, first and foremost, reducing tariffs, and then addressing identifiable non-tariff barriers, but beneath that, there seems to be cultural attitudes which, as one person described, are difficult to write into a trade deal. I noticed there was some of that in Japan.

An example was the use of Sugi cedar. I was told that over 100 institutions will give a mortgage rate reduction of .3% to .5% if a new home is built with a minimum amount of local wood. There were other even less tangible preferences.

I'm wondering what you can tell us about the strength and depth of the Japanese preference for local Japanese goods and services, and how that might be addressed in a trade negotiation.

**Mr. Donald Campbell:** I think I would attack that from two ways in a sense.

First of all, even if that was your first visit there, it would be evident to you that there's a very deep sense of culture and tradition in Japan. That applies to all of the things that they think about and do. It is also a country, as you have probably observed as well, of perfection. They have a sense of beauty. They have a sense of perfection in the things they produce like no other society in the world. That's a challenge in terms of quality and in terms of products that we would send there.

At the same time, I think that the idea that Japan is a closed society in terms of the introduction of foreign products is a very incorrect one. There may have been some truth to that at one time, but you can find almost anything produced anywhere in the world in Japan, sometimes adapted for Japanese taste and Japanese use, but it is a very open society in terms of drawing.... This dates from the Meiji revolution, the Meiji empire, when the society decided to open up. We probably don't have time now, but I could tell you some interesting stories on how Japan really opened itself up.

There are those sorts of competing sets of things. The Japanese don't often think about whether something is foreign or local. Something like Sugi wood is very special to them. I can't think right now of the seven, eight, nine or ten other things. Rice is another one. Rice is much more than food to the Japanese. It gets to the very heart of Japanese culture.

I don't think we should delude ourselves. There will always be natural preferences on the part of the Japanese in terms of some products. There will be ways in which some of these issues will be addressed, including the example that you gave, but I don't think that will be an issue for the vast majority of things involved in the trade of goods and services.

**Mr. Don Davies:** We also heard that work visas to Canada can be difficult, slow and costly for the Japanese to get. We also know that signing a trade deal is only the beginning, that there is a lot of work that happens after a trade deal in order to fully get the fruits of that deal.

We met with some ex-pat business people in Osaka who indicated to us that the closure of the Osaka consulate sent a message that, let's say, was not consistent with the desire to increase trade and business activity, particularly in the Osaka region which has 30 million people. Also, we closed the consular services in Tokyo and moved those to Manilla.

As a former diplomat, would you advise that we bulk up our trade commissioning services and improve our visa services in order to fully get the fruits of the trade agreement?

• (1550)

**Mr. Donald Campbell:** Well, I certainly know from some of my past work experience the challenges one has in budgetary constraints and considerations, but closing the consulate general in Osaka was a mistake and we should do something about reversing that.

I don't think there was sufficient appreciation given to the fact that Osaka is a different business community from Tokyo, and a very competing business community with Tokyo. The Kansai region has a GDP that's significantly bigger than the GDP of Canada, so I don't think that was the right message.

I'm not really in a position to comment very intelligently on the visa issue. I would have preferred to see it stay in Tokyo. I understand it's part of an online process, that it's going to speed up the process rather than slow it down, but I'm one who always has advocated storefront receptivity and that's part of it.

**The Chair:** Okay, thank you very much.

Mr. Keddy, go ahead.

**Mr. Gerald Keddy (South Shore—St. Margaret's, CPC):** Thank you, Mr. Chairman.

Welcome, Mr. Campbell, to committee.

Before I start my questions, I will take a moment to thank you for your long and illustrious career in the civil service and as ambassador to Japan certainly. It gives you an angle and an amount of expertise on this that a number of our witnesses did not have.

I want to revisit the closing of the trade consulate in Osaka. I appreciate your comments. They were straightforward and that's what we look for at committee. The challenge, of course, for all government is budgetary restraint, how you balance the books, and how you get out of this economic cycle we're in, and you mentioned that.

The visa process at the embassy in Tokyo should be faster, but the proof is in the pudding and we do need to see if it's going to be successful or not, but I truly believe it will be. Certainly we've moved to an online generation.

My real question for you is on trade. We've got all these complementary practices, and you mentioned a number of them. We've got a long relationship going back to 1929, and I'm sure the committee members who were in Japan saw it.

I've had the great pleasure of visiting Japan four or five times now. We have a fantastic brand that I don't think we take advantage of enough, quite frankly. We have a good supporter in Japan in a number of areas we may not suspect.

One of them, which I'm sure Mr. Easter would be interested in, is at the ICCAT meetings on the international treaty on tuna. Japan has been our ally from day one.

Canada exports at least 90% of the tuna we catch, whereas other countries, like the United States, would have enough consumption to consume the majority of tuna. Japan is probably our largest customer for tuna. Sometimes I think we overlook some of the smaller aspects of trade as being inconsequential, but they're extremely important to Canada. If it weren't for Japan's support at the last ICCAT meeting, we would be shut out of tuna exports anywhere in the world, let alone to Japan.

Could you comment on that? Sometimes it's the sidebar agreement, not the agreement itself, that actually gets you to the door.

• (1555)

**Mr. Donald Campbell:** I agree. One point which I think is important and one of the things I didn't mention is that I'm a so-called distinguished fellow of the Asia Pacific Foundation. I was asked to chair a task force, which has just reported, and we'll make that report available to the committee. It was looking at—and only diplomats could create these words—regional architecture. I actually had an architect phone me up to ask whether he could be involved. What that really meant was to take a look at the institutions and the trade agreements in Asia. This was much broader than just Japan. The report, which is out, is entitled "Securing Canada's Place in Asia".

One of the points that I think comes to your point is that a straight commercial relationship is not enough. In Asia relationships matter. It is important that you have a full-fledged relationship across a number of sectors in each country. With that I'm talking about political, security, and in some cases defence, even though our capabilities in defence are not that great in that kind of context. It's not just about doing trade. It's also in where we can be allies in international agreements and international institutions.

One of the things that always struck me, and I think I'm being fairly objective when I say this, is the commonality of interest between Japan and Canada on so many issues. When I was deputy foreign minister, I was a G-7 or G-8 sherpa or personal representative of the Prime Minister. I found that on many occasions, Canada and Japan, the two non-nuclear members of that group, and it wasn't just because of that, had a great deal more in common in our outlook and approach than we had with people with whom we would normally associate our relationships. I think that's an important factor in the Canada-Japan relationship as well.

**Mr. Gerald Keddy:** That's an interesting comment, because we were in Japan this summer. Part of the delegation visited the areas that were struck by the tsunami, including the Fukushima area. The Japanese were extremely grateful for Canada's contribution of very mundane things, but important things at the time: thermal blankets, radiation detectors. There were thousands of radiation detectors sent by the Canadian government to Japan. Also they were grateful for the fact that Canada was the first country in the world to recognize that Japanese food exported from their country was safe. That was a terrible disaster.

There was a lot of radiation in the Fukushima area, but we gained a lot of goodwill from that, quite frankly, for all the right reasons. Japanese food is fastidiously prepared. They do a fantastic job at whatever they do. You talked about perfection earlier. There was absolutely no risk of radiation in it.

**The Chair:** Just make a quick comment, if you want. If not, that's fine.

**Mr. Donald Campbell:** I was just going to make one other comment that you may find interesting. After the earthquake, which of course had a significant effect in Tokyo, *gaijin*, as foreigners are known, basically left. The Europeans all left, with the exception of some of the Brits. The German embassy moved itself to Osaka

immediately. The Canadians stayed. That has been repeated to me time and time again. It may say something about the Canadian character in Japan, but it certainly was noticed.

• (1600)

**The Chair:** Thank you very much.

We'll move to Mr. Anne of Green Gables. I'll never see him the same way. I thought Mr. Easter knew a little bit about agriculture, but he knows more about tourism.

**Hon. Wayne Easter (Malpeque, Lib.):** Thank you, Mr. Chair.

First, my apologies, Mr. Campbell, because if there's one witness I wanted to hear, it was you, but because Ed Holder talked so long in the House on the Canada-Panama agreement, I didn't get on until after question period. That's why I'm late. I didn't hear your remarks, so I'm somewhat at a disadvantage.

You did say that in Asia, relationships matter. As the chair said in terms of our involvement with the Japanese, in my riding it's because Anne of Green Gables is there and is a big drawing card for the Japanese in P.E.I. tourism. But even in selling commodities to Japan, we're an island. We sell non-GMO canola. Rob will call it rapeseed, but it does give us, I think, an advantage in the Japanese market.

On the Osaka consulate, I did feel when we were in Osaka that the Japanese, in that area at least, felt quite offended by that decision. If we were to make a recommendation that the consulate be reinstated, which I think we should—I'm not asking you for the implications on the government—what would your view be on the feeling of the Japanese for having done that? That's up to the government to decide if we do it, but would they still be offended by the fact we closed it? Would it make any difference to reopen it?

**Mr. Donald Campbell:** I think it would make a difference were we to reopen it. This is an issue for the Kansai region as much as anything. It may not be noticed overall in Japan in any major way. It certainly would be noticed in the Kansai region. Having said that, I don't think there's great hurt or animosity over the fact that we did it, because all governments, including the Japanese government, have to take tough decisions. One of the really difficult things is the cost of an operation in Japan is significantly more, given the value of real estate and given the incomes of locally engaged staff, than it is in many other countries. I fully recognize it's a difficult decision. I've been in that situation making recommendations to ministers in days gone by. It is a difficult decision.

The short answer is it would be noticed, and it would be noticed positively in the Kansai region.

**Hon. Wayne Easter:** Thank you.

In terms of trade, we often think of commodities. If there's one thing that does really seem to matter—I thought it before I went to Japan as we did last week and I think it more now—is that quality absolutely matters. Whatever you sell into that market, quality has to be of the utmost, and you have to ensure it stays that way. That's on the commodities side. I wonder what your thoughts are on that.

Also, what I didn't realize before I went to Japan is the amount of investment they have in Canada. I knew for a fact that they're different from Korea. They have their car plants here. The car manufacturers are creating jobs in Canada. It's through their investment that they're selling Honda cars, etc., in Canada.

On the investment side, is there anything we need to do in a free trade agreement that would enhance their ability to invest in Canada? They're doing a lot of investment in mining, in oil and natural gas, shale gas. What I didn't know was the investment in the rare earth area.

•(1605)

**Mr. Donald Campbell:** In a quick response to the quality issue, you're absolutely right that quality, quality, quality is everything. As I said, they have a sense of perfection in things, whether it is the freshness of the fish for the sushi or whether it is the J grade. I think you've probably heard about the J grade. J stands for Japan. They require a quality that other markets, including our domestic market, doesn't require. Quality and appearance are absolutely everything to the Japanese, and that's a message for anybody who is selling, whatever the commodity or whatever the finished product is, in that market. That's point one.

On investment, what has happened over the years is interesting. Traditionally, the Japanese came into Canada. The trading relationship was dominated by the huge Japanese trading companies, companies like Mitsubishi, Mitsui, and Tomem. There was a whole array of those companies. They would invest small amounts in a large number of companies, a lot in the natural resource sector, but not only in the natural resource sector. To be perfectly frank, we were a trading nation but we weren't really a nation of traders. They were the people who were trading, because they were buying a product in Canada. They were responsible for the shipping of the product. It all tied into the distribution system in Japan that was horrendously complex and controlled, largely, by these trading companies.

The distribution system has broken down in Japan, and that's been a very good thing. There are far fewer levels in the distribution system. That has brought prices down significantly. I go back to Japan three or four times a year. Prices now are nothing compared with what they were when I was in Japan several years ago, and that is a factor of their distribution system.

The hold of the trading companies has changed a bit. The trading companies, those large companies, have now basically become investment companies. This is what you're seeing in the energy area and in some of the natural resource areas, where they're not taking small minority investments. They're interested in larger investments,

in many cases majority investments, and in other cases minority investments.

In terms of the agreement but more broadly, we're going to need what is seen by them as a predictable and as a welcoming investment environment. I think there should be an investment chapter in the agreement that reflects that.

This is not to say we have an issue currently on investment, because there's a lot of Japanese investment flowing into Canada and there will be more. This is part of the wave of Asian investment that we're all seeing, hearing, and reading about.

**The Chair:** Thank you very much.

Mr. Cannan.

**Hon. Ron Cannan (Kelowna—Lake Country, CPC):** Thank you, Mr. Chair. Thanks, Mr. Campbell. Like my colleagues, I appreciate your bringing your experience and insight here.

I guess we've had a couple of ambassadors there since you left, but we had an incredible host with Ambassador Fried. We talked about the timing of the trip, and we were kind of joking in the sense that it was fantastic timing, since I've gone on other trips while negotiations have been taking place, and this was prior. It set the enthusiasm level. Ambassador Fried pulled out all the stops. He had arranged, through DFAIT staff as well, some incredibly high-level meetings. As the Chair alluded to, it was a full meeting and one of the best trips I've been on for contacts. There's enthusiasm, as you mentioned, in relationships and culture.

Japan is still going through some politically uncertain times. There'll probably be another election at the end of the year or early next year. There have been five or six prime ministers in the last six years, I think they view Canada as a valued proposition. For Canada, I think Japan's a great gateway to the Asian market, Japan being the third largest economy in the world and the second largest Asian market, next to China.

We heard loud and clear that there's great support for the EPA generally, right across the board. Even an agricultural co-op was surprisingly much more supported than we anticipated. The fact is, we don't have rights to threaten them with, as you mentioned, some of their iconic staples.

One thing you mentioned in your comments, Mr. Campbell, was the TPP, the trans-Pacific partnership negotiations. What we heard was the EPA is fine, but the trans-Pacific partnership is something that's going to be much more difficult. Do you think we should continue on the bilateral with this EPA and a parallel process with the TPP?

•(1610)

**Mr. Donald Campbell:** I agree entirely. The TPP is very much being driven by our friends south of the border, who are determined to get what they call a gold standard WTO-plus agreement. You currently have nine members. With Canada and Mexico joining, you will have 11 members. They range in economic development from the giants like United States to a very new, emerging economy like Vietnam. It's going to be, and already is, a very difficult and lengthy negotiation. Japan has not yet taken the step to join those negotiations. Their Prime Minister did indicate in 2011 that they were going to, but he ran into political... As you may have noticed, they are unlike Canada. They don't put any premium on political leadership. There were five different prime ministers when I was in Japan. I often thought when meeting some of them that they thought it was more important to have been a prime minister than to be a prime minister. Former prime ministers all remain in their Diet, their Parliament.

What all of this says to me is that we should pursue as intensively as possible the Canada-Japan bilateral agreement. We should also pursue the TPP. However, they may end up on different timeframes and on different tracks, with different percentages of possibility for success.

**Hon. Ron Cannan:** That's a great quote. I like that.

I have had the opportunity to travel to Kasugai in a different capacity. When I was deputy mayor of the city of Kelowna, and as a councillor in the year 2000, Kasugai was our sister city. We did go to Tokyo. However, we had a different chance this time to meet with economists and business folks.

Food safety is a very serious issue for both countries, but they seem to be more management centric than shareholder centric like the western world. They take about 80% of their profits and put them into R and D, whereas in our private sector we don't have that. Most of the R and D is from Canada. I think that's one of the innovative factors we can learn from them.

The last one is energy security. My colleagues talked about the shale gas and oil and gas sector. Maybe you could comment on the importance of our relationship from an energy perspective and on what Canada could mean to Japan.

**Mr. Donald Campbell:** You're quite right in terms of it being more management centric than shareholder centric. The idea of living quarter by quarter is a phenomenon that is not known really in Japan. They take a much longer view.

In terms of R and D, you're absolutely right. Their R and D expenditure, if you take it as a percentage of gross national product, is about three to four times what Canada's is. More than 25% of all patents filed internationally are Japanese. They have surpassed the United States in that in some years. R and D is tremendously important.

Two of the major cards in the Canadian deck, in my view, are food and energy. Japan is a country that has little of either naturally. Those of you who were there will have seen what a mountainous country it is. The arable land in Japan is smaller than the state of Maryland, so they are not going to be an agricultural giant. You probably saw rice

paddies. Instead of growing grass on their front lawns, people grow rice. You see it everywhere.

Japan is the only country in the world where you can walk down the street and ask people what the food security index is. The food security index for them is the self-sufficiency they have in terms of their own food, and everybody knows it. It's one that has been going down and down and is well below 50%. I don't know what it is right now, but the man on the street could probably tell you, because it is published almost as much as weather reports in Japan.

Canada is a food supplier not just for commodities but for finished products as well. Unless you're going to cook the steak before you send it over, there's not much more you can actually do with it.

You may, by the way, have picked up—and this is good news—that the advisory committee on the importation of cattle has now recommended they go to 30 months from the 20 months, so they're moving in the right direction on that.

In terms of energy security, Japan is a country that has made enormous progress in reducing its dependency on oil. A lot of that has been nuclear, and we've seen the challenge with nuclear. It finds itself in a very difficult situation with most of the oil that it uses coming through the Strait of Hormuz in the Middle East, and with natural gas. It's the largest importer in the world of natural gas, which comes from the Middle East, from Australia, and from Indonesia, which is a declining market. There is a sense of vulnerability. There are enormous opportunities in energy for Canada.

I was there about four months ago and did a seminar at the Canadian embassy, the title of which was "Canada: an Emerging Energy Superpower?" If you were in the embassy, you would have seen that the theatre holds 237. We had over 400 people there, which is indicative of the interest.

Those are two areas. They are not short-term phenomena. The food requirements of the Japanese population will continue, and either we will be supplying them or somebody else will be supplying them. The same goes for energy if we choose to do so.

•(1615)

**The Chair:** Very good.

And soon there will be LNG from Canada.

Jasbir Sandhu, go ahead.

**Mr. Jasbir Sandhu (Surrey North, NDP):** Mr. Campbell, thank you for your service to Canada.

Our missions overseas serve a vital role not only in fostering a good relationship with other countries but also in fostering trade and economic activities back home.



I'll go on record that I agree with my friend Gerald Keddy that we have a fantastic brand. What we heard is that we need to sell up that brand in Japan. I don't think we're doing a good job there right now.

In Kansai, we heard from the Canadian Chamber of Commerce in Kansai and the Japanese Chamber of Commerce and Industry. They had some concerns that we were not selling our products any better, especially with the closure of the Osaka consular services.

That being said, Osaka is the second largest city, and there is some tension between Tokyo and Osaka. Osaka is an industrial hub of Japan, with a GDP, as you pointed out, that is bigger than Canada's GDP.

I'd like to quote my colleague. When we're negotiating trade agreements, it's more about.... There are obviously trade agreements, and reducing tariffs and non-tariff barriers to foster economic activities.

I talked to you earlier today. What I found out is that building a relationship with the Japanese will foster further trade activity between our nations.

What sort of message are we sending to the Japanese in Osaka with the closure of the consular services? Also, I've heard from Canadian business people in Tokyo. They weren't very happy with the closure of the visa services in Tokyo, especially for students who want to come here.

Could you comment on these issues?

•(1620)

**Mr. Donald Campbell:** In terms of the brand issue, branding is always an interesting subject and a challenge.

It is fair to say that if you spoke to the average Japanese, some of whom will have been to Canada, some of whom will not, they have a very positive view of Canada. They have a very dreamy view, if I could put it that way, of Canada as a country of beautiful nature, of lands and lakes, that it's colder than it is to the south, that it's a gentler country, that it doesn't have the violence and the gun issues that our neighbours to the south have, which, for students coming to Canada, is a significant factor.

However, not enough of them know eastern Canada, other than Prince Edward Island. A lot of them don't have a sense of the high technology industries, of the dynamic cities that we have across the country. They have, as I said, a positive but rather gentle view of the country. We need to sharpen that up. A successor of mine did. For the 75th anniversary of the relationship—we just recently had the 80th anniversary of the formal relationship—he initiated a year-long series of events, all called “Think Canada”. It was very successful. But those things cost money. And of course, this is five or six years later. There's a need to do more. That's in terms of the broad branding.

In terms of very specific branding, the word “Canada” on beef or pork means something to the Japanese.

**Mr. Jasbir Sandhu:** Would consular services in Osaka help build our brand?

**Mr. Donald Campbell:** As I said, I thought it was unfortunate that we closed the consulate in Osaka. I would love to see it reopen. Obviously, boots on the ground always help.

That being said, a lot of the work being done has to be done by the exporters and by the industry themselves. There are campaigns.

The Japanese are very receptive to specific campaigns, whether on beef, pork, or maple syrup, or whatever product you want to name.

**Mr. Jasbir Sandhu:** What industries?

**The Chair:** No, the time is up.

Okay, Mr. Holder.

**Mr. Ed Holder (London West, CPC):** Thanks, Chair.

Usually I like to follow the member for Malpeque at these meetings because he often provides great fodder for me to chew on. But this afternoon, much like his comments about me in the House after I spoke, frankly, I don't think there's much worthwhile for me to respond to. That means Mr. Campbell and I will have an opportunity to have a good conversation.

I did not go to Japan. I think I'm actually the first speaker this afternoon who did not, except for you, unless you went last week as well. Perhaps you did.

**Mr. Donald Campbell:** No, I didn't.

**Mr. Ed Holder:** So we share similar company.

**Mr. Donald Campbell:** Yes.

**Mr. Ed Holder:** I would like to know a few things, based on the folks who have made great representations to us, and I thank them for being part of that today.

I'm taking a historical perspective, if I can, after the Second World War. Japan had a reputation from the standpoint of manufacturing that, frankly, wasn't very positive. I recall back when I was a young kid growing up—and it wasn't in the forties, but it certainly was in the fifties—that something that was made in Japan wasn't a high-quality product. It was breakable, replaceable, perhaps even able to be copied, who knows. Regardless, it wasn't considered a high-quality product. They've gone through a phenomenal rebranding. They've gone to a point where we've heard comments around this table about quality.

I'd like to understand a little bit better, please, what Japan did, from your perspective. Do you have an opinion on this? What allowed them to go from the perception that I have, and I think that was a fairly reasonable one, to one where now, frankly, they have a great reputation and a well-deserved one? Do you have any thoughts about that?

•(1625)

**Mr. Donald Campbell:** Yes. If I could respond to your first comment on after the—

**Mr. Ed Holder:** About Mr. Easter? I don't think you should, no.

**Mr. Donald Campbell:** If I comment on your first point, I think that the west, and I say the west more generally than just Canada, has always misjudged or not had an accurate contemporary appreciation of Japan. You're quite right that after the war there was distrust, obviously, for reasons related to the war, but there was contempt, quite frankly, for Japanese goods and for Japan. That contempt over time, as the Japanese economic machine and miracle started to rev up, turned to admiration for the quality of the things they were doing. That then turned to envy, and during the bubble period it turned to fear.

If you look at the books that were published, *Head to Head*, and *Japan as Number One: Lessons for America*, all these things in the eighties and nineties, there was fear of Japan. When you had the bursting of the bubble in Japan, you moved into, for the last two years, dismissal. Every single one of those was wrong at the time and wrong in retrospect. We have to be very careful about our impressions of Japan. I don't just say this as Canadians, I say this as westerners.

On the quality issue, this was not something new for the Japanese. The history of Japan was a history of handicraft and craftsmanship. That's what came back to the fore. If you look at, for example, Japanese china and ceramics, for the last 200 years they have been leading the world, but there was an export—

**Mr. Ed Holder:** I'm interrupting only to ask this, because I'm really trying to understand the historical perspective. If you understand the history, it helps you going forward. Do you think that was a survival mode they were in after the war?

**Mr. Donald Campbell:** I think there was a survival mode and it was the beginning of a very significant push towards an export-driven economy, and it suffered during that period. It wasn't that long a period before quality came back to the fore.

**Mr. Ed Holder:** That's fairly clear from the comments from those who attended, and I'm certainly not disappointed that I didn't go.

I would say to you that you hear that right around the table about the whole issue of quality if you want to deal with Japan.

A question came to us in May from Janice Hilchie of the Canadian Life and Health Insurance Association. She expressed concerns about state-controlled financial services enterprises, Japan Post.

This will become a very tough issue for, I believe, Canadian financial institutions. Are you aware of it? Do you have any thoughts on that? How would you respond?

**Mr. Donald Campbell:** I am generally aware of it. I am no expert on the insurance industry. I think you will find that a company like Manulife has done very well in Japan.

As for the post office, it was wholly owned by government. It's not anymore. It is still government-controlled. The difference in Japan is that Japan Post became the retail depository of choice of almost every Japanese you could name, so it ended up with huge funds, which were then lent to government in the form of cheap bonds. It was a huge financing mechanism for the Japanese government in a way that was not the case in Canada. Japan Post will be an issue, but we'll just have to address it.

**Mr. Ed Holder:** Thank you very much.

**The Chair:** Our time is gone, Mr. Campbell, but thank you very much for being with us. We appreciate your knowledge and experience in Japan. It has been a great opportunity to be able to examine some of the things that we had heard last week and to consider what this EPA really means.

Our first round of negotiations will start on November 26. We're a great forerunner to that. We've rattled every cage we could find, and we have learned a little bit about ambassadors. We should do a visit just as they are leaving, because they cash in all their political chips. We had the most unbelievable meetings with the highest calibre of people.

Thank you again for being with us.

With that, we'll suspend the meeting and move on to the next—

● (1630)

**Hon. Wayne Easter:** Mr. Chair, at the meeting, I put a motion on the Canada-China investment promotion and protection agreement, FIPPA. I asked a series of questions. They went in written form to the department. It's now been two weeks.

**The Chair:** Yes, they'll come in due course.

**Hon. Wayne Easter:** No, due course is not good enough. Look, if the Department of Foreign Affairs and International Trade can't answer a series of technical questions on an agreement that came into effect on October 31, there is something wrong. Maybe it has to be further authorized, but it was due to come in on October 31. There was a series of questions that they should have been able to answer within two days. We weren't allowed to debate the issue.

**The Chair:** Yes, we understand that. We'll examine it with them and find out where—

**Hon. Wayne Easter:** I want an answer. We're out of here and we're not meeting on Thursday, so I want some answers on this. We damned well deserve answers, and it's not me asking the questions, it's the committee.

**The Chair:** I hear exactly what you're saying.

The committee is suspended and we'll clear the room.

[*Proceedings continue in camera*]







**MAIL  POSTE**

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste-lettre**

**1782711  
Ottawa**

*If undelivered, return COVER ONLY to:*  
Publishing and Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,  
retourner cette COUVERTURE SEULEMENT à :*  
Les Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of  
the House of Commons

### **SPEAKER'S PERMISSION**

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5  
Telephone: 613-941-5995 or 1-800-635-7943  
Fax: 613-954-5779 or 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

### **PERMISSION DU PRÉSIDENT**

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5  
Téléphone : 613-941-5995 ou 1-800-635-7943  
Télécopieur : 613-954-5779 ou 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>