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The Honourable Mark Eyking

Standing Committee on International Trade

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• (1520)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):
Good afternoon, everyone.

Your Excellency, welcome back. It's your second time in front of our committee.

As you know, we have a very active committee. Over the last year, we were dealing with the European agreement, and we have an agreement with Ukraine. Of course, you know about our TPP study.

Things have changed a little in the last couple of months. You gave us a very good perspective from your country when you were here the last time, which I think was in October. We welcome you back, because maybe you have a different perspective of things now. We want to hear your thoughts and some advice you may have for us going forward.

Thank you for bringing your support team with you. It's good to see them here.

The floor is yours, Your Excellency. You have as much time as you need.

[Translation]

His Excellency Kenjiro Monji (Ambassador of Japan to Canada, Embassy of Japan): Thank you, Mr. Chair.

[English]

I'm delighted to make a statement for the second time as Ambassador of Japan for this public consultation of the House of Commons international trade committee regarding the TPP. Taking advantage of this occasion, I would like to explain Japan's view on the TPP and Japan-Canada economic relations.

Since my first appearance at this committee on October 27 last year, there have been many developments, as you mentioned.

In Japan our Diet approved the conclusion of the TPP agreement on December 9, 2016, and passed the relevant legislation. On January 20, after the necessary cabinet orders and ministerial ordinances had been put in place, the Japanese government notified the Government of New Zealand, which is the depository of the TPP agreement, that Japan had finished the necessary domestic procedures.

On the same day, President Trump was inaugurated in the United States, and on January 30, the United States issued notifications of its withdrawal from the TPP to the remaining 11 signatories, including Japan. The TPP cannot take effect without the United

States. As such, it can be said that entry into force of the TPP is currently difficult.

On October 27, 2016, I explained to this committee the value of the TPP from four standpoints. First, the TPP is an unprecedented free trade agreement in its scale and its level of standards. Second, the agreement enhances the attractiveness of the Japanese market for Canadian exporters and investors. Third, the TPP is an open agreement, meaning that any country or custom territory able to meet the high standards are welcomed to join. Fourth, the TPP is not only a gigantic free trade agreement, but also a strategic deal among countries sharing the same fundamental values such as democracy, human rights, and rule of law.

The economic and strategic value of the TPP has not changed at all. A free trade regime based on free and fair common rules is a source of growth for the world economy. Preserving elements of the TPP is extremely important to achieve the further economic development of Japan, Canada, and other TPP signatories.

To this end, Japan will patiently seek the United States' understanding of the economic and strategic value of the TPP, and Japan will closely communicate with countries concerned, including Canada, on various occasions, with a view to developing high-level rules for trade and investment. Meanwhile, I hope the Canadian government will proceed with its consultation on the TPP toward its ratification.

On February 10, Prime Minister Abe and President Trump had a Japan-U.S. summit meeting. Regarding the TPP, we would like to explain the Japanese position based on the results of the summit meeting. The two leaders' joint statement states as follows:

[The two leaders] emphasized that they remain fully committed to strengthening the economic relationships between their two countries and across the region, based on rules for free and fair trade. This will include setting high trade and investment standards, reducing market barriers, and enhancing opportunities for economic and job growth in the Asia-Pacific.

The United States and Japan reaffirmed the importance of both deepening their trade and investment relations and of their continued efforts in promoting trade, economic growth, and high standards throughout the Asia-Pacific region. Toward this end, and noting that the United States has withdrawn from the Trans-Pacific Partnership, the leaders pledged to explore how best to accomplish these shared objectives. This will include discussions between the United States and Japan on a bilateral framework as well as Japan continuing to advance regional progress on the basis of existing initiatives.

The two leaders decided to have their countries engage in an economic dialogue to discuss these and other issues.

The existing initiatives mentioned in the statement include the TPP, of course. Prime Minister Abe repeatedly and carefully explained the economic and strategic value of the TPP to President Trump.

In addition to what I've already stated, Japan believes that we need to preserve elements of the TPP as our assets, given that such elements were agreed upon after long and hard negotiations. We should promote throughout the Asia-Pacific region the high-level rules for trade and investment that are included in the TPP.

In the Japan-U.S. summit meeting, the two leaders also agreed on an economic dialogue between Japan's deputy prime minister and the U.S. vice president. The dialogue will address economic policies, promotion of trade and investment relations of both countries and the Asia-Pacific region, and co-operation in economic areas.

Finally, I would like to speak about Japan's position on Japan-Canada economic relations. We consider it important to strengthen Japan-Canada relations and we hope to further deepen the bilateral relations in various areas, such as trade, investment, and people-to-people exchanges.

At the Japan-Canada summit meeting in May 2016, our two leaders agreed to further advance our long-standing bilateral relations and to create a new era for co-operation between Japan and Canada. They also agreed to revitalize the Japan-Canada joint economic committee, JEC, established in 1976. The renewed JEC meeting was held last October. The two countries discussed broad topics in five main areas, namely, infrastructure, energy, science and technology co-operation, improving the business environment and promoting investment, and tourism and youth exchanges. As can be seen in this example, Japan-Canada intergovernmental ties have been getting stronger.

I believe there remains a huge potential for further expansion of our bilateral relationship in trade and investment. For example, the total amount of Japan-Canada bilateral trade value reached its peak in 2008. Further increases in two-way investment can also be expected. We believe we need to strengthen our bilateral relations through various activities from long-term and strategic standpoints. For example, we think investing in Canada is an important option for Japanese companies to promote innovation and advance to the next step towards the world market. To attract more investment from Japan, it is important to promote the dissemination of information and expand human networks through various means, such as youth exchanges. In addition, we need to solve existing challenges in such areas as Canadian work visas and administrative procedures in Canada. It is our hope that we can continue deepening Japan-Canada bilateral relations in a variety of areas.

We understand some Canadians suggest that Japan and Canada should restart negotiations for the bilateral Japan-Canada economic partnership agreement, EPA. Of course, we haven't forgotten the Japan-Canada EPA, but Japan gives priority to close communication on the TPP with Canada. As I stated earlier, Japan will patiently seek the United States' understanding on the economic and strategic value of the TPP, while encouraging the earliest conclusion of the TPP by other signatories. We will also continue close communications with countries concerned, including Canada, with a view to the development of high-level rules for trade and investment. Over the

course of these communications, we expect to have various discussions about Japan-Canada trade relations.

● (1525)

[*Translation*]

In closing, I want to thank you for giving me this opportunity to speak to your committee again about the TPP.

Thank you.

[*English*]

The Chair: Thank you, Your Excellency. That was a very good report.

Before we start the dialogue with the MPs, I'd like to welcome Mr. Sweet and Mr. Sheehan to our committee. You'll find it's very exciting and a lot goes on here.

We're going to give each party five minutes. If you want to split your time with somebody next to you, feel free to do so. If there is anything afterward or if somebody has a quick question they forgot to ask, we're open to that.

We're going to start off with the Conservatives.

I think Mr. Ritz is leading off. You have five minutes.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you, Mr. Chair.

Ambassador, thank you for your clear and concise insights. As we've discussed over the past year, the U.S. withdrawal certainly creates a void, but it is one that should not interfere with TPP 2.0. I welcome some of the comments you made here. I've underscored them, and if I have time, I'll run through them again.

There's a lot more at stake than just the furthering of a TPP-like model. I think you'll agree that the ambitions that are outlined in TPP are far broader and more expansive than you would get in any bilateral agreement.

I also would like your viewpoint on the geopolitics behind this. With the U.S. withdrawing, I see a lot more interest from China to push further into countries that are involved in TPP without the Americans there to balance off that push. I'm wondering if you see the same thing and how important it is that we continue on in light of that.

● (1530)

Mr. Kenjiro Monji: Actually, TPP has such a wide value and it should be a model for 21st century free trade agreements not only in Asia-Pacific but also globally. TPP should lead other negotiations in this area. It is true that we are negotiating other agreements, such as RCEP, the regional comprehensive economic partnership, which involves 16 countries: 10 ASEAN countries plus six countries with which ASEAN has reached an agreement, including China.

We are also negotiating a Japan-China-South Korea free trade agreement. Since our objective is to have about 70% of our trade covered by free trade agreements, we value the TPP highly. However, regardless of the direction in which TPP is going, we are pursuing our own efforts in those areas.

It is very important for the United States to look at this situation, too, I believe.

Hon. Gerry Ritz: As the United States has become inward looking and very protectionist, I think our forging ahead with like-minded countries will draw the American administration into that void. They're already getting pressure from internal forces that they cannot be outside of multilateral agreements like this.

Whether we like it or not, we're into some very intense and delicate negotiations on NAFTA. I know Japanese investors have made significant investments in Canada to make use of that NAFTA access. I'm wondering if you have any insights that you could share with us as we get ready to do that as well in finalizing the TPP but also looking to renegotiation of NAFTA. There can be overarching issues.

Mr. Kenjiro Monji: Of course we are not a member of NAFTA, but our economies are already intertwined and interdependent, so we are paying much attention to what you are going to discuss with the United States and of course with Mexico.

One thing I'd like to emphasize is that, in a meeting between Prime Minister Abe and President Trump, they agreed on the importance of the rule for free and fair trade. For that reason, we are going to continue our discussions. We hope to continue to strengthen or emphasize the importance of free trade and fight against protectionists in this matter.

Hon. Gerry Ritz: In a couple of weeks there will be a meeting of like-minded countries in Chile, and I know Japan will be there. We welcome your input and the strength you bring to that table. We must finish off what we've begun; we can't cast it aside. I welcome your comments today and certainly look forward to further dialogue with you, Ambassador.

Do I have any time left?

The Chair: You have a minute left.

Hon. Gerry Ritz: Thank you.

The Chair: If you have a quick question later on, we can throw it in there, but we're going to move over to the Liberals now.

Mr. Dhaliwal, you're going to lead it off.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): First of all, welcome, Your Excellency. I, along with my friend Terry Sheehan and many others were in Japan. We want to thank you and the people of Japan for the excellent and warm welcome that we received in the most civilized society.

Two issues were raised. One was TPP and the other one was peace and prosperity in the Asia-Pacific region. Those were the two top issues that came forward. At the time, Japanese representatives were not willing to give up on TPP. They wanted to go ahead and convince President Trump to sign TPP.

I would like to know from you whether there has been any progress on those two issues since we were in Japan.

Mr. Kenjiro Monji: Of course, as I explained, we haven't abandoned the TPP, and we are the leaders in fighting against protectionism. If Japan abandons it, it may be the end. I think Prime Minister Abe has a strong belief that he will continue patiently and seriously to talk to the United States. On this score, the U.S.

administration is not yet fully formed, so we cannot foresee any future trade policy at this moment. In that sense, it is important to continue to talk with the United States and also with the other relevant countries, signatories to the TPP, to preserve the elements of TPP as it is or in another form. Continuing communication with other signatories, including Canada, is very important.

As for peace and prosperity in the Asia-Pacific region, it was also encouraging that the meeting between Prime Minister Abe and Mr. Trump went very well. In the statement we distributed, a large part is dedicated to security. We are pleased that the importance of the Japan-U.S. alliance was strongly reconfirmed at the highest level. The United States reaffirmed its commitment to protect Japan, and also its presence in the Asia-Pacific region, which is the cornerstone for peace, stability, and prosperity in the region. We hope to enhance this alliance relationship.

Canada is also a Pacific nation. I have attended many defence policy reviews, symposiums, and seminars, and each time I have emphasized the importance of Canada to the Asia-Pacific region from a security point of view. I'm glad that Canada is going to have a presence this year in the Asia-Pacific region, as a neighbour. Security co-operation is one of the priority areas agreed upon between our two prime ministers. In that sense, together, the United States, Japan, and Canada, we hope to contribute to the peace, stability, and prosperity of the Asia-Pacific region.

• (1535)

Mr. Sukh Dhaliwal: Thank you.

Terry Sheehan, please.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much, MP Dhaliwal, for sharing your time with me.

Mr. Ambassador, it's wonderful to see you here. Thank you very much for your hospitality many times.

As Mr. Dhaliwal mentioned, we had an opportunity to visit Japan just about a month ago. We were a very diverse group of senators and MPs: Conservatives, NDPs, and Liberals. We had an opportunity to have a dialogue with the Diet. I was leading the discussion, putting the information out about trade, and that morning the news broke that President Trump had signed the executive order on the TPP.

One of the questions we ask, which this particular committee is also talking about, is this. Does it make sense that Japan, while it pursues the TPP, also enter into a bilateral discussion with Canada? Basically the idea was to do it mutually. There are benefits in doing a mutual discussion about a bilateral with Canada since you are our fifth largest trading partner.

My second question has to do with the regional comprehensive trade negotiation. The feeling is that if we begin those negotiations, that also would put pressure on the United States to get into the trade game and not be as protectionist.

Mr. Ambassador.

Mr. Kenjiro Monji: Japan notified that we finished the domestic procedures after President Trump took office or at about the same time, and even though the United States has withdrawn from the TPP, I still think it's important to go for the ratification, because it will show the strong commitment of the other countries for free trade.

If the TPP were something to replace an already existing framework, there would be many discussions, but there's no framework at this stage. If the TPP does not come into force, we certainly have to create something. But elements of the TPP and the spirit of the TPP are still so vital. We hope to pursue our efforts to the end. In that sense, Japan is asking other signatories to proceed toward ratification, even after the expression of withdrawal by the United States.

The Chair: Thank you, Ambassador.

We're going to move to the NDP.

Ms. Ramsey, you have the floor for five minutes.

Ms. Tracey Ramsey (Essex, NDP): Your Excellency, it's wonderful to have you return to the trade committee. We welcome you back.

There has been a lot of change certainly around the TPP and indeed in the world, and I understand that there's still strong interest within the TPP signatory countries to pursue other agreements, now that the U.S. has withdrawn.

Are there parts of the TPP that you believe could be improved upon in a new agreement?

• (1540)

Mr. Kenjiro Monji: At the moment, we hope to continue close communications with other signatories of the TPP. At the same time, of course, we talk to the United States. During those discussions, we know there are many ideas concerning the existing TPP, or a different shape of TPP. Through the course of those discussions, I think many ideas will be expressed. At the moment, we think we are going to discuss all those possibilities in the future.

Ms. Tracey Ramsey: I understand that food security is very important to people in your country. In Canada, we hold similar values, including very strong feelings about defending our supply-managed sectors. How do you envision an economic partnership agreement respecting both of our countries' agricultural policies?

Mr. Kenjiro Monji: I think bilateral EPA negotiations preceded the TPP. We had seven rounds, but since TPP moved so fast, we concentrated our efforts on TPP. Still we hope to continue our connection to TPP.

On TPP we could agree on those elements, including agriculture. In any trade agreement, and not necessarily only trade agreements, there are many elements, but it was agreed as a package. Even in Japan there are some complaints from the farmers, but we decided to approve the TPP with relevant legislation. Of course, that included some support for farmers. It is up to each country to take care of their nationals. The important thing is that we consider TPP is good as a package even though there was some opposition within the country.

Ms. Tracey Ramsey: The auto sector is another sector that's very important to Canadians. In Canada, manufacturers and unions are

concerned about non-tariff barriers that make it more difficult for us to sell Canadian-made cars in Japan.

How do you see our two countries working together in auto to address these non-tariff barriers?

Mr. Kenjiro Monji: I mentioned the joint economic committee, which was created by Mr. Pierre Trudeau in 1976 and was revitalized by Prime Minister Abe and Mr. Trudeau. In October of last year, we had our first renewed JEC meeting in Ottawa.

I mentioned five priority areas: infrastructure, energy, science and technology co-operation, improving the business environment and promoting investment, and tourism and youth exchanges.

If there are some domestic barriers, certainly they can be taken up in this framework between the two governments.

Ms. Tracey Ramsey: Is it possible, Your Excellency, to share that with the trade committee? It would be valuable for us to know the five areas you're highlighting in the joint economic committee.

Mr. Kenjiro Monji: Yes, of course.

We issued a rather simple press release indicating what is in those five areas.

Also, I would like to emphasize the importance of private sector efforts. In March last year, I attended the second joint Chamber of Commerce meeting in Vancouver. There were two Japan-Canada Chambers Council meetings, in Japan and Canada. In April this year, they are going to have a third Japan-Canada Chambers Council meeting, this time in Sendai, Japan. There will be the participation of many Canadian companies in Japan and of course Japanese companies. I hope to be present at the meeting.

I hope these government-to-government dialogues, such as in the joint economic committee, and also the private sector dialogues will be linked closely so that we will have the best results.

Ms. Tracey Ramsey: Thank you.

The Chair: We have time for a few short questions, from Madame Lapointe and Mr. Van Kesteren.

Go ahead, Madame Lapointe.

[Translation]

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you, Mr. Chair.

Thank you, Ambassador, for being here today. I also want to thank all the members of your team.

I have a question for you.

You know that Canada signed a progressive agreement with the European Union. Is that something you will look at?

You said earlier that you accepted the Trans-Pacific Partnership as a package. Would you be interested in an agreement that more closely resembles CETA?

•(1545)

[English]

Mr. Kenjiro Monji: I thank you very much for the question, because I forgot to mention that Japan and the EU have been negotiating an economic partnership agreement, and it is moving forward. We made big progress last year and we hope to conclude as soon as possible.

I mentioned the Japan-China-South Korea free trade agreement, but a Japan-EU economic partnership agreement is another very important element of Japan's trade policy.

[Translation]

Ms. Linda Lapointe: Okay.

However, could Canada and Japan have a free trade agreement that is similar to the agreement between Canada and the European Union?

[English]

Mr. Kenjiro Monji: Well, we have been negotiating the bilateral economic partnership agreement. Sorry, I am not quite aware in detail of the CETA, but what we have been talking about is promoting trade and investment bilaterally. I think that can certainly be the model, or the coverage will be similar.

[Translation]

Ms. Linda Lapointe: Thank you.

[English]

The Chair: Thank you, Madame Lapointe.

Mr. Van Kesteren, you have the floor, sir.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): Thank you, Your Excellency, for an excellent recap of what's taken place. I think you've answered most of our questions.

I want to shift a little bit to something which I think is on the minds of a lot of Canadians, and that is Fukushima. Could you give us an update on that?

At the time that the disaster happened, Japan had indicated that they wanted to transfer much of their power to natural gas. Where are you getting your LNG at this point? Is there movement to have that outsourced from the west coast?

Mr. Kenjiro Monji: Well, a year and a half ago maybe, we issued a future energy outlook for 2030. According to that, the

biggest share is liquefied natural gas at 27%. The second is coal at 26%. We depend on nuclear power 21% to 22%, maybe, and on new and renewable energy 20% to 23%.

At this stage, seeing as only four nuclear reactors have restarted, we still depend on liquefied natural gas. At this moment we import liquefied natural gas from Qatar, where I had been an ambassador, from Australia, Malaysia, and other countries.

The important thing is that Japan is now developing liquefied natural gas in five countries other than Canada, that is, the United States, Russia, Australia, Malaysia, and Mozambique. The import from the United States will start this year through the Panama Canal.

I had a chance to send a public comment concerning the Japanese, Chinese, and Malaysian liquefied natural gas projects. The timing is crucial in the liquefied natural gas project because it involved a huge amount of investment. That means since many companies prefer a long-term contract, we are really trying to find a stable supply of energy. Once those demands are filled by long-term contracts, the next vacancy may not arrive quite easily. In that sense, timing is crucial, as I mentioned on other occasions.

Mr. Dave Van Kesteren: Very quickly, what is the situation at Fukushima at this time?

Mr. Kenjiro Monji: We have reconstruction, and it is moving forward, but because of radiation, I believe there are still some areas closed. Quite a number of people still have to live in temporary housing. But even though it's slow, there has been progress toward the reconstruction there. Also, we have started the procedure to dismantle the nuclear reactors at Fukushima.

Mr. Dave Van Kesteren: Thank you, sir.

The Chair: Thank you, and that answers the questioning.

There were very good questions from the MPs, a very good dialogue, and a great presentation, sir, from your country. We're hoping to welcome you back to our committee again. Thanks for this update, and may we continue with the great friendship we have between our countries. Trade makes peace, and that's something we need more of.

Thank you, again.

We will suspend for five minutes and then we'll come back in camera.

[Proceedings continue in camera]

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