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Chair: Mr. Ken Hardie



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• (1835)

[*English*]

The Chair (Mr. Ken Hardie (Fleetwood—Port Kells, Lib.)): I'd like to call the meeting to order.

Welcome to meeting number 33 of the House of Commons Special Committee on the Canada-People's Republic of China Relationship.

Pursuant to the order of reference of May 16, 2022, the committee is meeting on its study of the Canada-People's Republic of China relations, with a focus on Canada's Indo-Pacific strategy.

I would like to take a few moments, for the benefit of witnesses and members, to outline some of the steps we'll be taking tonight.

The meeting is taking place in a hybrid format. People are attending either in person or remotely using the Zoom application. For the benefit of witnesses and members, please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you're not speaking.

Interpretation is available for those on Zoom. You have the choice at the bottom of your screen of floor, English or French. Those in the room can use the earpiece and select the desired channel. I remind you that all comments should be addressed through the chair. For members in the room who wish to speak, please raise your hand. For members on Zoom, use the “raise hand” function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding. Also, remember to keep your earpiece away from the microphone if your microphone is live. That can cause feedback, which is not pleasant for our interpreters.

We have some substitutes tonight. Peter Fragiskatos will be with us a little later—about eight o'clock. In the meantime, Viviane Lapointe is sitting in for him. Virtually, we have Joyce Murray from the west coast of Canada. She is filling in for Jean Yip, who is over at Sir John A. Macdonald, the place across the street. We're still allowed to call it that, I hope. They changed the parkway. Anyway, she's over there for the lunar new year celebration, which, of course, is a pretty big deal.

With that, we will start with our first panel.

We're extremely pleased to have His Excellency Kanji Yamanouchi, Ambassador of Japan to Canada. Ambassador Yamanouchi was one who saw true value in appearing and discussing Japan's perspective on the Indo-Pacific strategy. We invited other

ambassadors. They were not up to speed or not as comfortable with relationships to China and some of the other players in the Indo-Pacific, but we're very pleased to have Ambassador Yamanouchi with us today.

Your Excellency, you will have five minutes for an opening comment.

His Excellency Kanji Yamanouchi (Ambassador of Japan to Canada): Thank you very much, Mr. Chair.

Let me express my sincere appreciation for this valuable opportunity to address this very important committee.

In November 2022, the Canadian government announced its Indo-Pacific strategy. The Japanese government welcomed and appreciated the Indo-Pacific strategy by Canada.

Canada has, of course, three coasts, namely the Atlantic, Pacific and Arctic. However, it may be safe to say that, historically, Canada has had significantly strong ties with Europe through the Atlantic Ocean. Therefore, the formulation of this Indo-Pacific strategy by Canada was both groundbreaking and also good news. It was excellent news for Japan.

As a matter of fact, Canada and Japan share values and strategic interests. The Indo-Pacific strategy has so much to offer to the region and beyond in the harsh realities of 21st-century geopolitics.

The Indo-Pacific region is crucial to the peace and prosperity of the entire world, but the region is increasingly facing a variety of serious issues, such as challenges to the rule of law, stability, global warming, natural disasters and so on. Therefore, it is critically important to uphold a free and open international order based on the rule of law to promote trade and investments, as well as to enhance the region's resilience in an inclusive way. These are at the core of Japan's national strategy, and also Japan's vision of a free and open Indo-Pacific. We are glad Canada's Indo-Pacific strategy is also in line with this vision.

One year and two months have passed since the announcement, and the Japanese government applauds the steady progress that Canada has made in implementing its Indo-Pacific strategy. This progress has translated into actions of our joint efforts as set out in the Canada-Japan action plan for contributing to a free and open Indo-Pacific region, announced by our foreign ministers in Tokyo in October 2022.

In 2023, we saw a surge in high-level engagement between our two countries. The year started with Prime Minister Kishida's visit to Ottawa in January. This was followed by close co-operation in the G7 context. In Hiroshima, in May, the G7 leaders emphasized, among other critical issues, their determination to support a free and open Indo-Pacific and to oppose any unilateral attempts to change the status quo by force or intimidation.

In addition, a total of 15 G7 ministerial meetings were held in all corners of Japan, with the presence of Canadian ministers, including two visits by Minister Joly. Each of them contributed to the advancement of the policy coordination among the G7 and also to the realization of the Indo-Pacific strategy.

Year 2023 was also a big year for Japan-Canada co-operation on business, trade and investment. In September, Japan's Minister of Economy, Trade and Industry, Minister Nishimura visited Ottawa, accompanied by a delegation of top business executives. Minister Nishimura and I signed two memorandums of co-operation with Minister Ng, Minister Champagne and Minister Wilkinson.

One was on battery supply chains. The development of a sustainable and resilient supply chain is crucial for critical minerals and energy resources, like LNG, hydrogen and ammonia. The other one was on industrial science and technologies. These memorandums will certainly be essential parts of our partnership.

That was September. In October, team Canada visited Japan with more than 240 Canadian delegates from 160 organizations. Team Canada was headed by trade minister Mary Ng and agriculture minister Lawrence MacAulay.

● (1840)

Chairman, I was actually on the ground for both visits—here in Ottawa and in Osaka and Tokyo—so I can assure you that both visits were huge successes. They gave a boost not only to existing business ties but also to emerging business opportunities.

Team Canada's visit also showcased Canada's spectacular pavilion for Osaka Expo 2025, which embodies both Canada's dynamic nature and its innovative spirit. Just one month ago, Minister for Foreign Affairs Kamikawa and Minister Joly met in Montreal and reviewed the implementation of our joint action plan, which includes those developments I have just described.

All in all, I think that Canada-Japan relations are now entering a new chapter based on our joint vision of a free and open Indo-Pacific. Also, Canada's Indo-Pacific strategy is now making a difference in a very positive way.

Thank you very much.

● (1845)

The Chair: Thank you, Mr. Ambassador.

We will now start our rounds of questioning with Mr. Kmiec for six minutes or less.

Mr. Tom Kmiec (Calgary Shepard, CPC): Thank you, Chair.

Thank you, Ambassador, for being here.

My first question is related to 2017, when the now late prime minister Shinzo Abe said that Japan could be open to joining the China-led Asian Infrastructure Investment Bank if questions surrounding its projects' environmental impacts and other issues are resolved. That's a direct quote from the late Shinzo Abe.

I notice that Japan has not joined the AIIB. What were those other issues?

Mr. Kanji Yamanouchi: Thank you very much for a very good question.

I was actually in Washington, D.C., in the days when the AIIB was being seriously talked about among the G7 countries.

Yes, we see the various opportunities in Asia. They need infrastructure development, so we know there is a demand. In the case of Japan, we really think the Asian Development Bank and the World Bank are making a big effort. We are also a very important part of it. Therefore, we are not a member of the AIIB.

However, from the outside, I think there are certain important elements. One is the openness of infrastructure development. The second is transparency. What kinds of projects are going on? Third, we have to think of life-cycle costs, not just once but for the long run. They have to be very economical and very efficient. Fourth, we need to see the environmental elements and human rights of the labour force making that infrastructure. The sustainability of those recipient countries is also very important.

All those elements of openness, transparency, life-cycle costs, human rights, environmental issues and sustainability need to meet the international standard. That is our view on the AIIB.

Mr. Tom Kmiec: Thank you, Ambassador.

My next question is about the January 2023 visit to Canada by Prime Minister Fumio Kishida.

During that time, he spoke numerous times about the need for the clean energy transition, but he also talked about Canada as a safe supply source of LNG, or liquefied natural gas. At the time, the Prime Minister of this country said there was no business case for it.

I notice there is no LNG agreement signed with the Government of Japan. Where did Japan get its sources of LNG that it needed to import?

Mr. Kanji Yamanouchi: Mr. Kmiec, thank you very much for a good question.

As you may know, our energy self-sufficiency rate is 13%. That means we need to import all those sources. For example, about 90% of crude oil comes from the Middle East. Also very important is natural gas, which comes from Russia, Indonesia, Malaysia and other countries, including Australia.

When it comes to LNG, I would like to express interest in LNG Canada, which is the biggest investment project in this country. It's a \$40-billion project. One Japanese company is also involved, and now all preparations are under way. If everything goes well, we are expecting the first cargo of Canadian energy to come to Japan in the middle of the 2020s, so hopefully early next year.

I think LNG Canada is one of the examples of how this country can make a big difference in this energy transition.

Mr. Tom Kmiec: Thank you, Ambassador.

In terms of LNG, how critical is it to obtain the LNG from Canada for your energy needs?

• (1850)

Mr. Kanji Yamanouchi: According to the latest figure, 14 million tonnes will be produced in the first phase. Out of that 14 million tonnes, we expect 2.1 million tonnes will be exported to Japan. I think that is a serious number for it.

Mr. Tom Kmiec: Thank you, Ambassador.

Moving on to a different subject concerning Taiwan, as the People's Republic of China continues to challenge the rules-based order and sea lines of communication in the South China Sea, the Taiwan Strait and the East China Sea, I was wondering whether the Japanese government has estimated the economic impact of a potential PRC invasion of Taiwan.

Mr. Kanji Yamanouchi: Thank you very much for a very critical question.

Peace and stability in the Taiwan Strait are very important, not only for the security of Japan but also for stability in the international community as a whole. We've been watching very carefully. Looking back at the G7 Hiroshima leaders' meeting last year, the G7 leaders came up with the importance of the peace and stability of the strait. They issued a statement. They also issued an urge to peaceful resolution if there are any issues based upon all those negotiations and talks.

You also asked the hypothetical question. On question number one, being a diplomat I respectfully avoid answering the hypothetical questions, but I would say that this is a very serious matter. It is only natural for the government to take all possible measures, including the development of a system to respond to any contingency in order to ensure the safety and the prosperity of Japan and its people.

The Chair: Thank you very much, Mr. Kmiec.

We'll now turn to Mr. Cormier for six minutes.

Mr. Serge Cormier (Acadie—Bathurst, Lib.): Thank you, Your Excellency.

I'm going to ask some questions in French, but I'll start in English first.

Mr. Kanji Yamanouchi: Okay.

Mr. Serge Cormier: Thank you for being here with us tonight.

You probably don't know this, but in my riding of Acadie—Bathurst in New Brunswick, we have lots of fish plants. Some of those fish plants have been owned by Japanese people for many years. We have a strong relationship with the Japanese people. They came, I think, 20 to 25 years ago. They mostly bought crab and now lobster.

You talk about the trade that is very important for both countries. I want to talk more on the economic side of the Indo-Pacific strategy. In regard to trade and the strategy that we have put forward right now, how important do you think it is that we need to keep making sure that the strategy is a good one and that it will be profitable for all of the countries that will participate in this strategy? Is there something that you think we can do better, or are we on the right track regarding this strategy?

Mr. Kanji Yamanouchi: As I just mentioned, the Japanese government and the Canadian government have an action plan, which is based upon your Indo-Pacific strategy. It includes other elements of international trade and investment. Upon that, we've been working so hard to implement all of those action plans, including certain investments by Japanese companies to this country, because at this juncture we are in very much an historic change. We see the geopolitics and the very serious realities.

Also, the world is going for carbon-neutral by 2050. That makes Canada so significant, because you have technologies, you have natural resources and you have a big market right next to you—the power of NAFTA. For all of those reasons, together with the high quality of the Canadian labour force and the high standard, I would say that many Japanese companies are now showing interest in this country. That is one of the realizations of the Indo-Pacific strategy.

As well, I really appreciate that the Canadian government opened its trade representation in Indonesia, so that further trade and investment will be expected. We are also very proud that the Canadian ambassador to Japan, Mr. McKay, is making big differences. He's been appointed as the special envoy in the Indo-Pacific strategy. That is also helping to implement, in terms of the trade and investment, a boost for this country.

Thank you.

• (1855)

Mr. Serge Cormier: Thank you.

I'm going to continue in French now, so I'll give you the time to put your hearing apparatus on.

[Translation]

At the outset, you talked about the importance of having a plan featuring strategies that respect the environment, especially as regards critical minerals, which we will need more and more of.

Do you think we are on the right track to meet our carbon neutrality commitments by 2050, or do you think some adjustments are needed?

[English]

Mr. Kanji Yamanouchi: Thank you very much.

I think this is a very critical question. Up to now, more than 140 countries have committed to becoming carbon-neutral by 2050. Each country is making serious efforts to achieve that commitment. The world is changing rapidly, and technology has been developing very rapidly. We only hope that we will make it.

When it comes to the leaders' meeting at the Hiroshima Summit, they are once again committed to achieving carbon neutrality by 2050, depending on the history, political reality, technologies and economic development level of each country. Depending on all of these things, there must be various ways to achieve carbon neutrality by 2050.

I do believe this country has enormous potential, because you have clean energy. As I just mentioned, Japan's energy self-sufficiency rate is only 13%, so we have to improve on that. In this country, you have a 190% energy self-sufficiency rate, representing an enormous ability. Also, you have a strong willingness to come up with initiatives to meet the 2050 goal of carbon neutrality. I see so many new and emerging technologies to produce new energy with hydrogen or ammonia as well as small modular reactors and so on.

I do not have a crystal ball, but I do hope this country and Japan can make it.

Mr. Serge Cormier: Thank you.

The Chair: Mr. Cormier, you're just about out of time.

I appreciate your questions.

We will now go to Mr. Bergeron for six minutes or less.

[Translation]

Mr. Stéphane Bergeron (Montarville, BQ): Thank you, Mr. Chair.

Mr. Ambassador, thank you for being with us today. We truly appreciate it. I would also like to thank your hardworking associates.

After the publication of Canada's Indo-Pacific Strategy, we have been interested in how other countries view the Indo-Pacific region, especially the United States. We went to Washington to meet with our counterparts of the equivalent committee of the U.S. Congress to discuss their strategy for the Indo-Pacific region. Those discussions must continue.

Looking at Japan's new plan for a free and open Indo-Pacific, however, we note that its second pillar involves a new focus on co-operation by addressing the current challenges in an Indo-Pacific

way, specifically by establishing equal partnership among countries.

For our information, how are we to understand the Japanese perspective on the Indo-Pacific way?

[English]

Mr. Kanji Yamanouchi: Thank you very much.

That is a very timely question in terms of the global affairs of the 21st century. Sometimes we hear this part of the world referred to as the “global south”, but the sizes of the populations and the per capita GDPs of these global south countries are very different. However, as long as each of them is a sovereign country, it has one vote at the United Nations. Each country has its own pride, history and culture, and we have to respect those.

When we have meetings with our friends in southeast Asian countries—ASEAN—they have a very strong idea that we are equals. We talk to each other and come up with a consensus and find a middle ground to go in the right direction. It may take some time to come up with a consensus, but at the end of the day it's the only way to achieve certain things together. No single country can do important things on its own. It needs to have friends and like-minded countries to achieve certain things.

When we say we do something in the ASEAN way or the Indo-Pacific way, we respect each country's voice.

● (1900)

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Ambassador.

I think people have great hopes for Canada's Indo-Pacific Strategy as regards ASEAN in particular. Most of the witnesses who have spoken to us about ASEAN also had a relatively positive view, but last week one witness shared a different opinion about ASEAN. I hate to paraphrase, but he essentially said that we should not vest so much economic hope in ASEAN and that certain members were essentially branch plants of Beijing. What do you think of that statement?

[English]

Mr. Kanji Yamanouchi: Thank you very much.

The ASEAN countries welcome the Indo-Pacific strategy of Canada. If you see the reality of these 10 countries, population-wise, those 10 countries have more than 600 million people. That is bigger than the EU, and when it comes to the combined GDP of those 10 countries, it is more than \$3 trillion. That is significant progress.

Also, just last December, the Japanese government held a special leaders' meeting of Japan and the ASEAN 10 countries for the celebration of the 50th anniversary of Japan-ASEAN co-operation. Looking back over those 50 years, starting from five or seven countries—now it's 10 countries—they've made enormous progress in terms of economic development but also in political unity and in influence over other parts of the world.

I see only the positive signs for the ASEAN 10 countries. They are like-minded. Of course, they do have their own way of expressing things, but we share a lot. You can see the Japanese companies' attitudes to those ASEAN 10 countries. They have invested a lot in expectations, in trust and also in the growth of their market.

[Translation]

Mr. Stéphane Bergeron: Thank you.

[English]

The Chair: You have time for just a short question, Mr. Bergeron.

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

Thank you for your reply, Mr. Ambassador.

One of the six points of Japan's plan for a free and open Indo-Pacific refers to co-operation between Canada and Japan in preserving the rule of law. Since the rule of law is being challenged by certain powers in the region, specifically China and North Korea, what are your thoughts on potential co-operation between Canada and Japan in maintaining the rule of law?

[English]

Mr. Kanji Yamanouchi: Thank you very much.

I would say that based upon the joint action plan, which is based upon the Canadian Indo-Pacific strategy, we see a great development in Canada-Japan defence co-operation. I would share with you some of the examples.

There is an exercise called KAEDEx. *Kaede* is the Japanese word for “maple”, so KAEDEx is a nice name for the joint exercise between Japan's and Canada's armed forces. For that, the Canadian navy dispatched three frigates: HMCS *Montréal*, HMCS *Vancouver* and HMCS *Ottawa*. Two frigates out of five frigates over the past exercises. That is a huge commitment. We've been doing these joint exercises and also participating in the United Nations activities, which are under the Security Council resolution to monitor North Korean ship-to-ship transfers.

Along with the frigates, Canada's patrol aircraft, CP-140 Aurora, was also dispatched and stationed at Kadena Air Base on Okinawa. That Aurora made a big difference to those activities.

On top of that, Japan's Self-Defense Force officers have participated in Operation Nanook in the Arctic region. The Arctic is also a very important area, down the road. Canada has an enormous interest in that. Japan is also participating in those kinds of activities, so much so that we're growing things together.

Also, we draw your attention to Canada's memorandum of understanding with the Philippines for defence co-operation. Japan al-

so signed an agreement with Malaysia and the Philippines for the procurement of surveillance equipment. Altogether, Canada and Japan are working together for the betterment, peace and stability of the region.

• (1905)

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Ambassador.

[English]

The Chair: Thank you, Mr. Ambassador.

We'll now go to Ms. McPherson for six minutes.

Ms. Heather McPherson (Edmonton Strathcona, NDP): Thank you very much, Mr. Chair.

Thank you, Your Excellency. This has been very interesting.

I was in Hiroshima just before the G7 with ICAN on nuclear disarmament. It was not long enough, and I look forward to being able to be back in Japan. I met with many members from the Japanese Diet, and it was a wonderful experience.

You have spoken a little bit about Canadian energy and the need that Japan has, and I would like to hear a little bit more. You've been very kind about how the Indo-Pacific strategy is beneficial to both Japan and Canada.

I'm from Alberta, an energy-creating province. You spoke a lot about liquefied natural gas and oil, but could you talk a little bit about the opportunities with regard to critical minerals and with regard to hydrogen, both blue and green, and what that could look like within the framework of the Indo-Pacific strategy?

Mr. Kanji Yamanouchi: Thank you very much, Ms. McPherson.

My home is in Nagasaki, so I share your feeling for peace and that it's very important to make a commitment to never again have that kind of accident.

Regarding these critical minerals and new sources of energy, I will tell you that Japanese companies are very much interested in blue ammonia in Alberta, because, as I just mentioned, all the countries, including Japan and Canada, are committed to being carbon-neutral by 2050.

It's 2024. We have 26 years, but we have to have progress in those new sources of energy, and ammonia has enormous potential. I do understand that natural gas, which is an ingredient for ammonia, in Alberta has very strong price competitiveness and is a great location for CCS, carbon capture and storage, so they are paying a lot of attention to that. In that sense, Alberta has big potential to help the country to achieve the goal of being carbon-neutral.

Ms. Heather McPherson: That's wonderful.

I know it's difficult, as you are the ambassador to Canada, but what are those areas within the Indo-Pacific strategy where Canada could be stronger? What are the areas that you would see us perhaps investing in a little bit more or taking a little bit more urgent action? I know that the rollout of the Indo-Pacific strategy was a year ago, and we have heard from other witnesses that it has perhaps not been as quickly rolled out as it could have been.

I'm wondering, from your perspective...and I know that it is a difficult question for you to answer. Perhaps you could frame it around some of our engagement on energy, some of our engagement on post-secondary students or whatever makes sense to you.

Mr. Kanji Yamanouchi: Thank you very much. Thank you for asking me a tough question.

The Indo-Pacific strategy, as you know, has five pillars, namely, the promoting of peace, resilience and security; expanding trade and investment; investing in and connecting people; building a sustainable and green future; and Canada as an active and engaged partner to the Indo-Pacific.

I think that is very comprehensive. When it comes to this kind of comprehensive plan, it's very easy to point out that this is not enough. As I just mentioned, historically this country has had enormous ties with the European side and the Atlantic side, but this is the first time in history that it has this kind of comprehensive strategy to address the Indo-Pacific.

It's only been one year and two months. Also, the Canadian government has committed a \$2.3-billion investment for the first three years to achieve this Indo-Pacific strategy. I think that is a strong commitment.

Nothing is perfect in this world. I think of half full or half empty. We could discuss half empty—

• (1910)

Ms. Heather McPherson: Maybe it's three-quarters empty. We could refill it for you.

Mr. Kanji Yamanouchi: I have strong expectations that the Canadian government, the people, the private sector and academia are working for that, because the future of this country, of course, lies on the Atlantic side but also the Pacific side.

That's in all those measures read out in our strategy. They're very hard things. It may take some time, but I'm very glad that Japan is part of it.

Ms. Heather McPherson: I could ask you one more hard question, because I only have a little bit of time left.

Perhaps you could comment on this. We are looking at the potential impacts of a Trump presidency in the United States. How is that being felt in Japan? How are the outcomes of that being predicted, or are you also not predicting very much because it's very difficult to know?

Mr. Kanji Yamanouchi: Ms. McPherson, I was in Washington, D.C., as economic minister between 2013 and 2016. Not only Canada and Japan, but also many other countries pay attention to the presidential elections of countries. Sometimes it is very difficult to comment on actual elections in this public place.

I understand that each country is watching it and studying it very carefully and preparing for that.

Ms. Heather McPherson: Thank you very much.

Thank you, Mr. Chair.

The Chair: Thank you, Ms. McPherson.

We'll now go to our second round. We're starting with Mr. Chong for five minutes.

Hon. Michael Chong (Wellington—Halton Hills, CPC): Thank you, Mr. Chair.

Thank you, Ambassador, for appearing in front of us today.

I noted that the G7 communiqué that was agreed to in Hiroshima indicated the need for increased deliveries of liquefied natural gas and acknowledged the need for greater investments in LNG projects.

You mentioned that Japan is reliant on energy imports for 87% of its energy needs. You also mentioned that Japan will be purchasing about 2.1 million tonnes of the 14 million tonnes that are coming online when LNG Canada goes live. Bloomberg recently reported that the long-term LNG supply contracted by Japanese buyers will decrease by 30% or 55 million tonnes from 2022 to 2030, which is only a short few years from now. Last November, Bloomberg also reported that the Ministry of Economy, Trade and Industry is pushing Japanese buyers to sign more long-term LNG contracts to insulate Japan from future supply shocks as well as potential harsher sanctions against Russian LNG.

In that context, can you tell us how interested your government is in securing additional LNG supplies in terms of long-term contracts or spot markets from Canada? Is LNG Canada enough, or would Japan be interested in purchasing even more LNG from Canada?

Mr. Kanji Yamanouchi: Thank you very much, Mr. Chong.

Energy security is a very important element for national security. As I just mentioned, we need imported sources of energy from all over the world. An important thing is that we have portfolios that do not depend too much on a single country. In that sense, Canada is emerging. I understand that Canada has exported its natural gas only to the United States. This LNG Canada is a big game-changer for Canada too.

First things first, I understand that the first phase will be completed probably in the middle of the 2020s. Hopefully that will start soon. That leads to the second phase. I think the government is always supporting the Japanese companies to diversify their sources of energy.

Also, we are carefully watching the discussions in this country regarding oil and gas in terms of decarbonization. I do think that, given the complexity of the geopolitics, energy security, geopolitics and economic security come together. We have to be very careful. We have to make sure that we are very smart and utilize all possible sources.

• (1915)

Hon. Michael Chong: Japan is increasing its military spending to 2%, as I understand, by 2027.

In that context, can you tell us what Japan's position is on Taiwan with respect to a potential attack on Taiwan? Is Japan's view to be neutral if Taiwan were to be attacked by another state, or does Japan have a different position on Taiwan?

Mr. Kanji Yamanouchi: That is a very tough question.

I will give you the same answer I gave Mr. Kmiec. I will repeat that peace and stability in the Taiwan Strait are very important not only for the security of Japan but also for the stability of the international community as a whole. That has been Japan's consistent position for a long time. It expects the issues surrounding Taiwan to be resolved peacefully through dialogue.

Based upon this recognition, Prime Minister Kishida took the lead at Hiroshima among the G7 leaders when they came up with a statement regarding Taiwan, urging a peaceful resolution if there are any issues there and also the importance of peace and stability in the Taiwan Strait. Having said that, the Japanese government takes every possible measure to ensure the protection of Japanese land, people and prosperity. That is all about Taiwan.

Regarding defence spending, by the 2027 fiscal year, the Japanese government intends to increase it by up to 2% of the size of its 2022 GDP. That is much easier than doubling our defence spending and is supported by the people. We see the complexities and difficulties in the security situation surrounding Japan.

Hon. Michael Chong: Thank you, Ambassador.

The Chair: Thank you very much, Mr. Chong.

We will now go to Mrs. Lalonde online for five minutes or less.

Mrs. Marie-France Lalonde (Orléans, Lib.): Thank you very much.

I certainly want to say thank you very much, Mr. Ambassador, for coming before us today.

I also want to ask a bit about the national security strategy of Japan, which you highlighted in so many ways in terms of measures that both of our countries are taking to enhance security co-operation. Thank you for that.

Maybe I'll follow up on part of the outline in the national security strategy of Japan from December 2022. I'm thinking about the strategy on diplomatic efforts and the participation of Japan in people-to-people and cultural exchanges.

What are some of the outcomes of Japan's efforts regarding participation in people-to-people and cultural exchanges that you could highlight for us this evening?

Mr. Kanji Yamanouchi: Thank you very much. That's a very important question on people-to-people exchange.

Yes, enhanced relations—friendship and trust—between Canada and Japan's top leaders are inevitable and very important. At the same time, grassroots and people-to-people exchanges also cement friendship and trust among the people.

I would like to share one special initiative. It's what we call the JET program. That stands for “Japan exchange and teaching programme”. It started about 35 years ago regarding Canada. Canada has had more than 10,000 students participate in the JET program over those 35 years. This makes Canada the third-largest participant in the JET program. That is one good example of how we enhance our exchange. Also, Japanese people are coming to Canada through working holidays and schools. This is very basic infrastructure for the friendship between our two countries.

• (1920)

Mrs. Marie-France Lalonde: Thank you very much.

From that segue, could we talk a bit about how both of our countries, Canada and Japan, are working together on an international development initiative in the Indo-Pacific region?

Mr. Kanji Yamanouchi: That is also another very important question.

As you may know, we have an agency called the JICA. It's the Japanese agency for international development. We are very proud of it. It is one of the biggest agencies implementing official development assistance and economic co-operation.

Japan and Canada share a lot. You have your Indo-Pacific strategy. We have our own strategy and action plans. Based on those papers, we can work together to help countries in this region. They are waiting for our help, and they are waiting to develop themselves. Along with those recipient countries, Japan and Canada can work together to make the region much better.

Mrs. Marie-France Lalonde: Thank you very much.

Maybe I'll leave you with a thought that hopefully you'll be able to express, as we are in the special committee on Canada-China and are studying the Indo-Pacific strategy and how both our nations.... What's your point of view on China's influence in the region? How does that impact some initiatives, or how can we consider this as we go forward?

Mr. Kanji Yamanouchi: That's a very important question for these times. China is now the second-largest economy—with 1.4 billion people. Its influence is here and there. Every country is working hard to shape its policy towards China.

We see the potential for co-operation and also challenges and concerns. If I may lay it out, we see China's unilateral attempts to change the status quo by force in the East China Sea and South China Sea. We see the series of military activities surrounding our countries. Some of them are together with Russia. Peace and stability across the Taiwan Strait is also very important. We pay a lot of attention to that.

Japan will firmly maintain and assert its position, and it will strongly urge—request—China to act responsibly. At the same time, we continue to engage ourselves in dialogue with China where there are areas of concerns or potential co-operation, like on the environment.

The important thing is the communication. We will make every effort to build a constructive and stable relationship. That is our position. We will always tell friends that this is our position regarding China.

The Chair: Thank you, Mrs. Lalonde.

Mrs. Marie-France Lalonde: Thank you.

The Chair: We'll now go to Mr. Bergeron for two and a half minutes.

[*Translation*]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

Mr. Ambassador, I would like to return to the topic of Taiwan. Since it was expelled from the UN in 1971, Taiwan has been engaged in a kind of guerrilla diplomacy with the People's Republic of China, although it is a very unfair fight.

The People's Republic of China has been utilizing its tremendous demographic, economic and military power to undermine the remaining countries that still officially recognize Taiwan, such that fewer and fewer countries recognize it every year. As a result, Taiwan seems to be trapped, clinging stubbornly to the traditional position of seeking diplomatic recognition, which in turn places countries that are friendly to Taiwan, such as Japan, Canada and the United States, in an extremely difficult position.

Should we not try to circumvent this obstacle of diplomatic recognition? I was speaking with you informally before the Kiwa Initiative meeting, in which Canada and France are taking part. Is that not the kind of initiative that we should try to include Taiwan in so as to circumvent this difficulty and pitfall of diplomatic recognition, which leaves Taiwan in a weak position relative to the People's Republic of China?

● (1925)

[*English*]

Mr. Kanji Yamanouchi: Thank you very much.

For us, Taiwan is an extremely important partner and our dear friend. Also, the peace and stability of the Taiwan Strait is important.

Japan has been working very hard to further deepen co-operation and exchange between Taiwan and Japan based on the basic position that is laid out in our history. Also, we were working for the international fora, like the WHO or the ICAO. Taiwan is a responsible partner for that. However, sometimes it is very difficult to be a

full member. We are working to make Taiwan an observer at those international fora. I think it is very important for Canada and Japan to work together to involve and engage with those fora as international partners of Taiwan.

[*Translation*]

Mr. Stéphane Bergeron: I understand that the—

[*English*]

The Chair: Excuse me, Mr. Bergeron. Your time has expired, sir.

[*Translation*]

Mr. Stéphane Bergeron: Time flies when one is in good company.

[*English*]

The Chair: I know, but now it's time for Ms. McPherson for two and a half minutes.

Ms. Heather McPherson: I have two and a half minutes.

Again, thank you very much, Your Excellency, for being here.

I represent a constituency that has a number of post-secondary institutions in it. You were speaking earlier to Mrs. Lalonde about people-to-people relationships. I wonder if you could talk about the potential between Japan and Canada in terms of international students, research and sharing that research back and forth.

What roles could Canada and Japan have in that? How is the Indo-Pacific strategy helping us with that?

Mr. Kanji Yamanouchi: People-to-people exchange is a very important pillar of the Indo-Pacific strategy. We do understand that in Canada the higher education institutions are very much respected when it comes to high tech, like artificial intelligence and quantum. More and more Japanese students are paying attention to these higher opportunities, especially postgraduate students.

The Japanese institutions promote those academic exchanges and are working hard to enhance and increase the further exchange between the academia of our two countries, especially with robotics, artificial engineering, artificial intelligence and quantum—the high-tech areas.

Ms. Heather McPherson: As we try to limit our interactions or perhaps have some controls within our interactions with China and the Chinese government and research there, I think the opportunity for research within post-secondary institutions is quite strong.

Thank you very much for that.

That's it for me, Mr. Chair.

The Chair: Thank you, Ms. McPherson.

We did start a wee bit late, so with the ambassador's indulgence, we'll ask a few more questions.

Are you okay with that?

Mr. Kanji Yamanouchi: As long as they're soft.

Voices: Oh, oh!

The Chair: Thank you.

Just to line this up for everybody, we'll have five minutes for Mr. Chong, five minutes for Mr. Oliphant, and then two and a half and two and half for our friends from the Bloc and the NDP.

Mr. Chong, the next five minutes are yours.

Hon. Michael Chong: Thank you, Mr. Chair.

Thank you, Ambassador. You have indicated that the ties between Canada and Japan are strong and deep. You mentioned the 35-year anniversary of the JET Programme. I'm sure my wife would appreciate it if I thanked your government on her behalf. She was a JET participant in 1997-98. She participated in the program in Japan. She lived in Kyoto, the ancient capital of Japan and taught English there. She has many fond memories of that time and still keeps in touch with acquaintances she made at that time, so thank you for that program.

One of the areas we haven't touched on is Japan's leadership in automobile manufacturing. The largest automobile company in the world is Toyota Motor Corporation. We referenced critical minerals earlier tonight. As you know, most leading OECD economies have a 2035 battery electric vehicle mandate, where all vehicles are to be full battery electric vehicles.

Mr. Toyoda, the president of Toyota Motor Corporation, has indicated that this is not possible, that it's not physically possible to meet those targets. He recently suggested that those targets should be replaced with a more aggressive hybrid vehicle target. We know that Toyota Motor Corporation is the world leader in hybrid technology. In Canada, Toyota builds hybrids in the Cambridge, Ontario, plant. Honda builds vehicles in Alliston, Ontario.

What is your government's position on looking at alternative ways to reduce emissions that would involve stronger hybrid mandates instead of the aggressive battery electric vehicle mandates that most countries have currently agreed to?

• (1930)

Mr. Kanji Yamanouchi: Thank you very much, Mr. Chong.

I'm so happy to hear that your lovely wife was a JET alumni. Kyoto must have been a beautiful place for her. I'm sure she has fond memories. Thank you very much.

Actually, I have visited the Toyota factory in Cambridge too, and I was amazed. I'm not the best person to talk about the possibility of technological innovations and others. It's an ongoing process. One thing for sure is that Canada, Japan, the United States and other countries have committed to be carbon-neutral by 2050. All the gas emissions, about 25%, are from motor vehicles. Therefore, it is very important to reduce gas emissions from cars.

Some countries have specific targets of 2035 with 100% zero-emission vehicles. It depends on the definition of a zero-emission vehicle. Some definitions include the hybrid, but others do not. It all depends on the technologies and the possibilities for fulfilling that target by 2035. This is an ongoing process.

Going back to the summit in Hiroshima, each country needed to see its own way of achieving that ultimate goal of being carbon-neutral by 2050. Various ways should be admitted. These are tech-

nological things. All companies are working so hard to get state-of-the-art technologies to fulfill that goal. I think this is down the road. Each country, each parliament and congress, will decide its standard.

I'm sure that each company is working so hard to outplay other rival companies to achieve this goal.

Hon. Michael Chong: Thank you.

I'll just note, Mr. Chair, that there's been research that indicates that the world needs 300 critical mineral mines and critical mineral processing plants today in order to meet the 2035 targets.

Mr. Toyoda's point was that we have all the critical minerals and mines we need today, if we were to adopt a 100% hybrid target, rather than a battery electric vehicle target. This would more quickly reduce emissions while at the same time not eviscerate our industries to the People's Republic of China, which is dominant in battery electric vehicle production.

I just want to put that on the record, Mr. Chair. Thank you.

The Chair: Thank you, Mr. Chong.

We'll now go to Mr. Oliphant, for five minutes.

• (1935)

Hon. Robert Oliphant (Don Valley West, Lib.): Thank you, Chair, for this meeting.

Your Excellency, it's wonderful to see you here. Some people have talked about this as a golden age of Canada-Japan relations.

Perhaps it began with the late Prime Minister Abe's, visit. It was really a landmark visit for Canada and Japan to look at the steps leading towards the Indo-Pacific strategy, your own free and open Indo-Pacific strategy, as well as our action plan.

In your time here, we really have taken great steps. Thank you for your leadership, and thank you for the friendship that you have and are fostering between Canada and Japan. It really has been remarkable in your tenure here. We hope for 10 more years—if you could just tell your foreign minister that when you get a chance.

I will follow up a little bit on Mr. Chong's question.

Is Canada still seen as an important, significant and optimistic investment opportunity in the automotive sector for Japan? Is there still a sense of positivity with respect to automobile producers moving to the future?

Mr. Kanji Yamanouchi: The short answer is yes.

I see many reports about Japanese companies thinking about investing in Canada because of the nature of this country. You have a great trust in the Japanese people, and also a great potential for critical minerals.

This is not just me saying this, but last week Bloomberg published a very interesting article about the ability to make the lithium-ion battery, and that Canada was considered a top country to produce this lithium-ion battery. That says something.

Hon. Robert Oliphant: That is our hope, for sure. I think a partnership with Japan on all of that supply chain could be quite important.

I'm switching gears quite a bit towards development, humanitarian assistance and crisis work. I have perceived an increase in the interest of Japan in the world, in developing countries in the so-called global south and in partnering with like-minded countries. Am I reading that correctly? Do you see Canada as a partner in working both on emergency and crisis responses—we know you had your own crises in Japan where we've tried to respond—but also in the global south, particularly in Africa or other parts of the world?

Mr. Kanji Yamanouchi: Yes, Canada and Japan are responsible members of the G7 and the international forum, and we're also members of TPP. We share a lot. We share a common interest. There are so many needs down there, so to speak, in the global south countries. We can work together, and we do have the willingness and the resources here to help them out.

Hon. Robert Oliphant: I'll put on record, Mr. Yamanouchi, that I don't think Canada has any more like-minded, friendly partner than Japan. Thank you, and I hope you take that message back to Japan immediately, to Tokyo.

Thank you.

Mr. Kanji Yamanouchi: Thank you very much. I certainly will.

The Chair: Thank you, Mr. Oliphant.

We'll now go to Mr. Bergeron.

You have two and a half minutes, sir.

[*Translation*]

Mr. Stéphane Bergeron: Mr. Chair, thank you for the opportunity to return to the conversation the ambassador and I were having earlier. I am confident that many people will take note of what Mr. Oliphant just stated.

Mr. Ambassador, at the very end, you mentioned that Canada and Japan are both in support of Taiwan joining international organizations such as the World Health Organization and the World Trade Organization.

Do you think Taiwan and the People's Republic of China meet the conditions for membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership?

[*English*]

Mr. Kanji Yamanouchi: Wow. Those are very good final questions about CPTPP, my favourite subject.

I think that CPTPP is a very important vehicle not only for free trade but also for addressing security matters, and Canada and Japan are leading the CPTPP. This year, 2024, Canada is the chair. We have three major targets for CPTPP this year. One is about new

membership. The second is about the review of existing procedure and these things, and the third.... I forgot the third one.

Anyway, in regard to new membership, regardless of aspirant economies, there are three things that are very important. Those aspirant economies need to keep up with the high standard. Second, they have to have the right track record in the past. Third, we have to have consensus to support their new membership. That is a very important element for new membership.

I will respectfully avoid making any specific comment on each specific nation or the economies, but that is an important element for CPTPP in order for CPTPP to play a key role in the international community.

● (1940)

The Chair: Thank you, Mr. Bergeron.

[*Translation*]

Mr. Stéphane Bergeron: Thank you, Mr. Ambassador.

[*English*]

The Chair: Now to close us off, we'll go to Ms. McPherson for two and a half minutes.

Ms. Heather McPherson: Thank you very much, Mr. Chair.

Again, thank you very much for your comments today, Your Excellency.

You spoke a little bit about the international development initiatives that Japan and Canada can work on together. When you spoke about that, you talked about it within the Indo-Pacific region. I think Mr. Oliphant referenced Africa. We know that China has quite huge ambitions with regard to their belt and road initiative.

As Canada and Japan work on international initiatives, particularly around sustainable development goals in other areas in the world aside from the Indo-Pacific, do you see other areas of the world where we could work together?

Mr. Kanji Yamanouchi: Regarding Africa, I think it was in 1993 that the Japanese government started an initiative called TICAD. That stands for the Tokyo International Conference on African Development. We started the leaders' meetings between Japan and Africa—more than 50 countries—once every five years. Recently, we sort of elevated it to the next stage. Every three years we have a leaders' meeting on the TICAD initiative. That is specifically to help African countries develop.

When we started in 1993, we talked a lot about development assistance from the public sector. Nowadays, there's a lot of talk about the private sector. The ODA money is very important. That could be seed money for official development assistance, but investment by private companies has a huge impact.

Now we're talking about a combination between the official government assistance and, at the same time, private sector involvement. Africa is the continent of the future. More and more Japanese companies are paying attention. When it comes to the government side, Canada and Japan can share a lot. After all, Africa is so far away from Japan, but across the Atlantic Ocean, you have Africa over there. Therefore, you have more knowledge and more contacts. We can work together.

Ms. Heather McPherson: It's still a little ways away from us.

Thank you very much.

The Chair: Thank you, Ms. McPherson.

Your Excellency, thank you for the generosity of your time and your comments this evening. We've thoroughly enjoyed your visit with us. Your reflections, I'm sure, will show up very well in the report that we'll be tabling in our Parliament in due course.

With that, we will suspend and get set up for our next panel.

I have one other thing. Before you go—

Mr. Kanji Yamanouchi: May I say a final word?

The Chair: Yes, absolutely.

Mr. Kanji Yamanouchi: Thank you is not strong enough to express my feelings towards this Canadian Parliament in supporting Canada-Japan relations and also our embassy here in Ottawa. I would say thank you very much.

Arigato gozaimasu and merci beaucoup tonight.

The Chair: We all know *arigato*, but what was response to *arigato*?

Mr. Kanji Yamanouchi: *Doutashimashite*.

The Chair: There we are. Thank you.

We'll suspend.

● (1945) _____ (Pause) _____

● (1950)

The Chair: I call the meeting back to order.

We are back in session, and we appreciate our next guests' patience with us. We ran a little over. The Ambassador of Japan was fascinating, and we let him go on at some length with some of his commentary because it was very valuable to us.

That said, we will probably need to be a bit more on time with some of our questioning now, so that we can finish in time for our support staff here to have the rest of their evening.

Welcome back. I'd like to welcome our witnesses for the second panel.

Shihoko Goto is the director of the Asia program at the Woodrow Wilson International Center for Scholars, and she's with us by video conference. Also by video conference, we have Yuki Tatsumi, co-director of the east Asia program at the Henry L. Stimson Center.

We will start with you, Ms. Goto, for a five-minute opening statement.

Hon. Robert Oliphant: On a point of order, before we begin, we're just wondering whether our witness from the third round is available or unavailable, because we had a cancellation. Having one person in a third hour, we may be able to do an hour and a half instead of two hours, if he happens to be available.

The Chair: Yes, that is something that—

Hon. Robert Oliphant: I know. I should have mentioned that two hours ago, but we're just looking at that and thinking that one person for a whole hour seems long because we have that cancellation.

The Chair: I think what we'll probably do, Mr. Oliphant, is just do two rounds and call it at two rounds.

Hon. Robert Oliphant: Sure. Okay.

The Chair: That's probably the easiest way, because you're right. It would be a bit of a stretch for one person to carry a whole hour, as the ambassador did.

Hon. Robert Oliphant: I'm only thinking about myself.

The Chair: I know you were.

All right, Ms. Goto, the five minutes are yours.

Ms. Shihoko Goto (Director, Asia Program, Woodrow Wilson International Center for Scholars, As an Individual): Thank you for inviting me to speak today.

The United States is now mired in not just one but two theatres of conflict—Ukraine and the Middle East. Washington, however, has not lost and will not lose sight of the third theatre, which is the Indo-Pacific and meeting the China challenge in particular. Confronting China as a systemic threat remains one of the few issues that continue to have bipartisan support on Capitol Hill.

The reality is that Washington needs its allies and partners more than ever to face the challenge posed by Beijing.

On the security front, efforts to coordinate operations through mechanisms such as the Quad and AUKUS are moving forward steadily. NATO is pushing the boundaries beyond its mandate to address the China challenge, inviting countries including Japan, Australia and South Korea as observers.

It is on the economic front, however, that a shared vision amongst U.S. allies and partners is needed. Not only is that vision hazy, but a schism amongst like-minded countries is likely to emerge in the form of a new trade war.

To be sure, today there is a G7 consensus to co-operate to boost economic resilience and economic security. There is greater unity in seeking ways to push back against China's leveraging of global interdependence for its political gain. Governments and businesses from the wealthiest nations to the more vulnerable economies of the global south have been pressured by a China that has systematically been weaponizing global economic interdependence. Self-censorship by companies and states to pre-empt Chinese retaliation has become all too common.

For countries across the Indo-Pacific and beyond, the G7's push to have an action plan against Chinese coercion has become a welcome one. Collective economic security arrangements per se may not be in the cards. Nevertheless, there is a way forward to leverage international public opinion against Chinese coercion and to raise global awareness of the risks of Chinese authoritarian rule.

On the other hand, there is no shared vision of an economic victory against China. There is little appetite to decouple from China, but at the same time there is no clarity about how to reduce vulnerability by being exposed so much to China. Curbing Beijing's technology ambitions may be a top U.S. priority, but that's not a concern for the global south. Meanwhile, as tensions between Washington and Beijing show no signs of easing, the goal of Indo-Pacific nations is to ensure continued stability and growth, which must include managing economic relations with China as well as the United States.

Washington's focus remains on protecting its advanced technologies from China and preventing Beijing from integrating civilian and military technology systems. Export controls introduced by the United States support this goal and have been agreed upon by Japan and the Netherlands. However, without buy-in from Japan and the Netherlands, which are the world's biggest semiconductor equipment manufacturers, U.S. efforts to restrict Chinese access to advanced chips and chip making would simply have limited impact. Amid calls for nearshoring and friendshoring in the name of economic security and resilience, we have seen a rise of industrial policy to decrease dependence on trusted allies as well as on foes.

China is, of course, not the only destabilizer to growth, but Beijing's coercive actions and violations of the rule of law have led to a reassessment of economic resilience. A united and collaborative front against Chinese coercion could be the foundation of facing the systemic challenge that China poses to the global economy.

We've come a long way in a short amount of time in terms of understanding the need to focus on economic security. There is no easy solution to protect critical technologies or to stave off economic coercion, but countries such as Canada, which enjoy high trust not only with the United States but also with the international community at large, can play a significant role in protecting and promoting the international rule of law and healthy economic competition moving forward.

With that, I would like to conclude my opening remarks.

Thank you.

● (1955)

The Chair: Thank you very much, Ms. Goto, for that.

We will now turn to Ms. Tatsumi for five minutes.

Ms. Yuki Tatsumi (Co-Director, East Asia Program, The Henry L. Stimson Center, As an Individual): Thank you, members of the committee, for having given me this opportunity this evening. It is a great pleasure and honour to have this opportunity to testify before this committee.

I'm also extremely pleased that my testimony follows that of Ambassador Yamanouchi, whom you all heard from this past hour. He happens to be an old friend and colleague of mine. I can tell you

from my personal experience working beside him almost 30 years ago, when I was serving at the Japanese embassy in the United States, in Washington, D.C., as a special assistant for a political minister, that the Japanese government sent one of its finest diplomats to Ottawa. This speaks volumes to the importance that Japan attaches to its relations with Canada.

Today's committee hearing focuses on an international perspective and, from what I understood from my invitation for me to come before you, the international perspective particularly from Japan.

As members of this committee know well, Japan adopted a free and open Indo-Pacific, or FOIP, strategy under the leadership of the late prime minister, Shinzo Abe, back in December 2012. Japan's FOIP 1.0, if you will, stood on three pillars: doubling down on its bilateral alliances with the United States; intensifying its engagement with other U.S. allies and partners within and outside the Indo-Pacific region, including energizing trilateral and minilateral frameworks such as the U.S.-Japan-ROK, Japan-U.S.-Australia, U.S.-Japan-India and other trilateral relationships; and last but not least, sustained steadfast support for multinational institutions and frameworks, such as the G7, G20, the United Nations, the WTO and others.

Since Japan announced its first national security strategy, which was released under the auspices of the late Prime Minister Abe in December 2012, Japan's FOIP concept has been evolving. I would argue that its evolution has almost direct correlations to China's emergence as a challenger to the existing international rules-based liberal order.

Tokyo's evolution in its strategic thinking is very clear, from my perspective, when you compare how its 2012 national security strategy and the updated 2022 national security strategy respectively address China. While the 2012 national security strategy describes China's increasingly assertive behaviour as "a source of concern not only for Japan but also for international community writ large" and as "something that needs to be monitored closely", the 2022 NSS defines China as an "unprecedented" strategic challenge, as Japan, together with the international community, continues its efforts to defend the existing rules-based international order.

As Japan's own strategic view vis-à-vis China evolves, its effort to counter the challenges presented by Beijing also is evolving. Shutdown of international travel and other international direct in-person communication in 2020 through 2022 due to COVID-19 presented a significant challenge to Japan's efforts, however, as it really prevented the opportunities for in-person interaction at senior governmental levels, including at the summit level. That said, though, Japan certainly attempted to make the best out of the opportunity that virtual settings allowed.

Succeeding Prime Minister Abe in September 2020, Prime Minister Yoshihide Suga placed his utmost priority, for example, on revitalizing the Quad framework and institutionalizing the partnership amongst the U.S., Japan, Australia and India in areas such as co-operation on vaccine developments and transactions, supply chain resiliency, disaster resiliency infrastructure investment and other important areas of economic security.

The incumbent prime minister, Prime Minister Kishida, further intensified the efforts launched by his predecessor in this area and really doubled down on Japan's effort to connect, if you will, the developments in the other parts of the world with those in the Indo-Pacific region by contextualizing them in terms of universal norms and values.

• (2000)

For instance, soon after Russia's invasion of Ukraine in February 2022, Kishida worked extremely hard to enlist support for Ukraine amongst the Indo-Pacific region—many of them were not explicit in their support for Ukraine—by using the phrase that today's Ukraine can be tomorrow's east Asia.

As Ambassador Yamanouchi spoke about at length in the previous panel, peace and stability across the Taiwan Strait are extremely important for Japan's own national security. It is in this context that Tokyo's rapprochement with the Republic of Korea, symbolized by the Camp David summit last summer, carries such an importance.

Japan is now squarely together on the same page with Washington and Seoul in terms of countering any attempt that may be leveraged by Beijing to change the status quo by force, which speaks volumes about Japan's effort to make sure that deterrence is in place.

The Chair: Ms. Tatsumi, I'm wondering if you could just close your comments now, because we're ready to go to questioning.

Ms. Yuki Tatsumi: Yes, absolutely.

The Chair: Thank you.

Ms. Yuki Tatsumi: Before I close, let me quickly mention about Japan's security relationship with Canada. As Japan continues to intensify its outreach beyond the Indo-Pacific, Tokyo's engagement with Ottawa is increasingly more important. To Japan, the more interest demonstrated by its out-of-the-area partners, including Canada, the better, as it is Japan's belief that such expression of interest in peace time, supported by the rule of law, will serve as a collective deterrence.

Moving forward, the further institutionalization of Japan-Canada bilateral secure relations that builds on the 2019 signing of the acquisition and cross-servicing agreement, including the conclusion of the general security of information agreement, will be of further benefit.

Especially as the Arctic sea opens up to navigation, Japan, as an observer to the Arctic Council, will look forward to co-operating with Canada to establish, for example, a code of conduct in this potentially extremely important strategic area.

I conclude my remarks.

The Chair: Thank you very much.

We'll now go to our questioning. We'll start with Mr. Chong for six minutes.

• (2005)

Hon. Michael Chong: Thank you, Mr. Chair.

We just heard from the ambassador, who indicated that Japan will be increasing its defence spending to 2% of Japan's 2022 GDP by 2027, which is only three short years from now. Both witnesses mentioned, in their opening remarks, a change in Japan's posture in the Indo-Pacific region. There were references to the big change, which is a shift from the 2012 policy documents on defence and security to the 2022 posture. There were mentions of re-engagement with the Quad.

I think it's safe to say that Japan's 2022 documents are really a seismic change in Japan's posture in the region—a posture that had been in place for some 77 years, since the end of the Second World War. It was a posture based on pacifism. I think it's clear that the new documents position Japan as being prepared for a direct military attack.

In that context, I'm wondering if our witnesses can talk a little bit about Japan's assessment of its risk of being attacked by North Korea or by the People's Republic of China.

Secondly, what would Japan do if Taiwan were attacked by the People's Republic of China?

Feel free to go in any order you want. I'll leave it to the chair to coordinate that.

The Chair: We'll go to an answer from Ms. Tatsumi first and then Ms. Goto second.

Between the two of you, you have four minutes. You have two minutes each.

Ms. Yuki Tatsumi: Through the chair, thank you very much, Mr. Chong, for that question. I sound like Ambassador Yamanouchi, but that is a very hard question and an interesting one.

I would say that Japan considers the risk of being directly attacked by North Korea's missiles—not necessarily a land invasion attempt or anything like that—to be higher than the risk of a direct attack by China.

Japan is more worried about a Chinese attempt to reunify Taiwan by force quickly escalating into Japan's own national security crisis because of the geographical proximity between Taiwan and Japan. For that, Japan is certainly enhancing its defence posture in the Southwest Islands. That is geographically super close to the island of Taiwan. We're working very closely with the United States in terms of conducting joint military exercises if deterrence fails so that we could repel such a forceful invasion attempt. Frankly, it welcomes the participation of third countries that have defence co-operation arrangements. Australia is increasingly more present whenever the U.S. and Japan conduct bilateral military exercises focusing on contingency plans for this area.

Since ACSA was put in place in 2019, I'm pretty sure Tokyo would welcome Canada's participation as an observer of U.S.-Japan bilateral exercises focusing on this contingency scenario.

The Chair: Thank you very much.

Ms. Goto, go ahead.

Ms. Shihoko Goto: May I briefly add something on the increased defence spending by Japan?

If this had come out five years ago, there would have been great political opposition within Japan. Japan, as you said, still remains at its heart a pacifist nation. There would have been a great deal of public opposition. This has not been the case. The only opposition we're hearing is, "How is Japan going to afford it?," meaning the Japanese voters themselves are very much aware of the dangerous neighbourhood they live in and the risks not only from North Korea but also from China.

Also, we haven't talked about this yet, but there's an increasingly reluctant United States to be a permanent Pacific power. It's hedging against those realities.

On the issue of Taiwan, I am of the camp that China is not preparing for any attack on Taiwan, but there are possibilities of miscalculation. They have intensified surveillance by sea and air. The possibility of things going wrong and triggering an unintended consequence as a result is something that keeps me up at night, as it does the Japanese leadership.

• (2010)

The Chair: Thank you very much.

We'll now go to Mr. Oliphant for six minutes.

Hon. Robert Oliphant: Thank you, Mr. Chair.

Thank you to both of the witnesses.

I have two questions, and I'd like comments from both of you. We'll try to split some time up to do this.

The first question has to do with the trilateral summit at Camp David among the United States, Japan and South Korea, and that relationship. South Korea and Japan have not always had an easy relationship, but something has emerged from that trilateral relationship: opportunities and challenges for Canada within that partnership agreement. What possibilities are there for us, and what challenges do you see for Canada?

The second question is on two elections, and I'll mention them both right away so you can take as much time on each as you wish. The Taiwanese elections have passed and the American presidential election is coming. What are the implications for our Indo-Pacific strategy, and for security and economic issues?

It's the trilateral and the elections. I'll go to Ms. Goto first.

Ms. Shihoko Goto: Thank you.

On the trilateral, we are in a honeymoon period at the moment. Relations between Japan and South Korea had hit an all-time low about two years ago. We've seen a steady recovery. I would argue that it was really South Korean President Yoon's boldness to understand the need for enhanced relations with Japan in particular that has really led to a rapid improvement in relations.

That said, South Korea is having an election. The national assembly is having an election in April. Japan is having an election

within its ruling Liberal Democratic Party by September of this year as well. It's not necessarily a top leadership change of governments, but it has significant impact and could lead to a change in leadership, not necessarily in South Korea because Yoon is there for a five-year fixed period, but for Japan there is a great deal of political uncertainty at this stage.

When it comes to what we want, we want to ensure that relations between the three countries are institutionalized, that they can adhere and withstand some of the political ebbs and flows, that they are resilient to political change and that there is structural support to encourage trilateral co-operation.

Canada has a tremendous role to play in vocalizing and supporting the trilateral relationship, and I would also say that Canada has a tremendous role to play as a bridge builder between Japan and Korea. It has good relations with both, but also there could be enhancement of those bilateral relations even further and articulation of the need for continued solid relations between Tokyo and Seoul.

Hon. Robert Oliphant: Maybe we'll go to Ms. Tatsumi on the second question—we're running out of time—to talk about those two elections: the Taiwanese election, which has been given a third mandate, although reduced, in the parliament, and also the upcoming American elections.

Do you have any thoughts on challenges or opportunities for Canada in those?

Ms. Yuki Tatsumi: I would quickly say one thing about U.S.-Japan-ROK before moving on to the Taiwan and U.S. elections.

The Camp David summit is a tremendous opportunity for Canada, as Canada has good relations, as Ms. Goto said, with both Tokyo and Seoul. Also, the spirit of Camp David really aims at institutionalizing the U.S.-Japan-ROK trilateral relationship to weather the political changes at their three capitals. Hopefully that will hold.

It's not necessarily the Taiwanese elections because, even if the Legislative Yuan picture is a little bit unfavourable for incoming President Lai, the Kuomintang went through a great evolution in the last decade or so. They're much less willing to be soft on China, for lack of better words. That reflects the very deep change in the Taiwanese electorate that really doesn't find the option of being reunified with the mainland all that attractive for their future.

I think there is a baseline consensus now in Taiwan that any reunification needs to be peaceful and that Taiwan will need to have an equal say in how that reunification will take place. There is a tremendous opportunity for Canada as a peacetime enforcer of those principles. Any reunification effort—dialogue across the strait—needs to be conducted peacefully, and no forceful attempt to change the status quo should be allowed.

Now, back to the U.S. presidential elections, I'm sure you're all watching nervously in Ottawa as well. So are we in Washington, D.C., but even more so in Tokyo, because some of the analysts are already talking about Trump administration 2.0 being a big change between Trump administration 1.0 and whether 2.0 will become a reality. With Trump administration 1.0, Japan had the biggest weapon in its capital: Prime Minister Shinzo Abe, who knew how to work with President Trump. Right now, Tokyo is not so confident which political leader in Tokyo has the capacity that the late Prime Minister Abe showed working with President Trump.

To say that this is making everyone nervous in Tokyo is an understatement. That is what I'm sensing right now, but leading up to that and preparing for that scenario, I can say that, bilaterally, between the U.S. and Japan, especially on the political-military front, efforts are being accelerated to make sure that whatever corporate framework they're working toward will be institutionalized by the end of this year. They're trying to get as much done as possible before the new administration comes in.

• (2015)

Hon. Robert Oliphant: Thank you.

You can take that extra time out of our last round.

The Chair: All right—what a guy.

Ms. Goto and Ms. Tatsumi, are you aware of the translation function on your screen? It's that little globe at the bottom. You're about to be spoken to in French by our colleague Monsieur Bergeron, who has six minutes.

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

Ms. Tatsumi, your November 2023 article entitled “Japan's Indo-Pacific Strategy” compares the Japanese and American Indo-Pacific strategies. Whereas the U.S. strategy defines the United States as an Indo-Pacific power, Japan's strategy states that Japan and India should jointly lead the region in the era of the Indo-Pacific.

I have two questions. How does Japan view the role of the U.S. in the Indo-Pacific, and does this statement have echoes of Japan's hegemonic vision?

[English]

The Chair: Was your question for Ms. Goto?

[Translation]

Mr. Stéphane Bergeron: My questions are for Ms. Tatsumi.

[English]

The Chair: Go ahead then, please.

[Translation]

Ms. Yuki Tatsumi: Good evening, Mr. Bergeron, and thank you.

[English]

The role of the U.S. in the Indo-Pacific, from the Japanese perspective.... Ideally speaking, Japan always continues to look to the United States as a leading force in shaping the order of the Indo-Pacific as a rules-based region that is governed by universal values such as the rule of law, free trade and open societies.

With that said, though, recent developments within the United States make our leaders in Japan a little bit nervous about whether that will stay. That is exactly why the Tokyo.... Incumbent Prime Minister Kishida has been, especially currently, intensifying his government's own efforts to reach out to other U.S. allies and partners, both within and outside the Indo-Pacific region, to enhance Japan's partnership with those countries, and that certainly includes Canada. This is to make sure that, if there is a distraction within the United States that may handicap Washington's ability to lead, Japan, together with other like-minded democracies, will have the safety net, if you will, in place to make sure that there will be a collective, sustained effort to maintain that liberal order.

Japan looks at the potential return of a hegemonic, strategic competition. Back in the 1980s, it was the U.S. and the Soviet Union. Today, it is the U.S. and China. Of course, that has a very different feel for Japan because China, unlike the Soviet Union back in the 1970s and 1980s, is geographically so much closer to Japan. Also, regardless of whether Japan likes it or not, China will remain Japan's biggest and most populous neighbour for the foreseeable future.

It will put Tokyo in the constant dilemma of how to balance its effort to deter China with, at the same time, how Japan should handle this friendshoring and de-risking without severing ties with Beijing.

As you heard from Ambassador Yamanouchi in the last panel, Japan always looks for opportunities to engage with Beijing in the areas where Tokyo finds it mutually beneficial to co-operate with Beijing, such as climate change, disaster relief and other economic development or human security related areas. However, there are some areas that Japan cannot compromise. The question of sovereignty is one, and another is China's outright challenge to the existing international liberal order that is supported by the rule of law.

That's where Japan's co-operation with the United States and other like-minded democracies, including Canada, comes into play. That is why you saw Ambassador Yamanouchi. You have one of Japan's best diplomats in Ottawa, working with your government in Ottawa.

• (2020)

The Chair: You have just a minute left, Mr. Bergeron.

[Translation]

Mr. Stéphane Bergeron: In an interview with France's Foundation for Strategic Research, you stated that “Japan can further improve its defence relationship with the United States by developing its own ties with other U.S. allies and partners in the Indo-Pacific region. These efforts already exist as Japan continues to institutionalize its security relationships with countries such as Australia, India and the Philippines, as well as key U.S. allies in Europe such as the United Kingdom, France and Germany.”

You did not mention Canada. Why not?

[English]

Ms. Yuki Tatsumi: That wasn't intentional. Our core focus was really... That was the scope of the parameters given by the editor, so please blame the editor.

Some hon. members: Oh, oh!

The Chair: On that note, we'll thank Mr. Bergeron for his questions.

We'll now go to Ms. McPherson for six minutes.

Ms. Heather McPherson: Thank you very much, Mr. Chair.

Thank you to both of our witnesses. This has been very interesting.

I would also like to get some more information about how Japan is negotiating with the increasingly belligerent Chinese government. When we had previous panels, they talked about the idea that, even when we try to diversify and work with other countries within the region, because of the outsized role China plays within the region, even if we are working with Vietnam or other south Asian countries, we are still, in fact, engaging with China because it has such a large role in the region. I'm curious to know your thoughts on that.

One of the things the Canadian Indo-Pacific strategy aims to do is decrease our dependence on China. You spoke a lot about the international rule of law.

Obviously, one of the other big players in the region, which is a democracy, is India. However, India has some real challenges with regard to human rights. Certainly, Canada's diplomatic relationship with China is stressed, which is a very kind way to put it at the moment.

Could you perhaps talk a bit about that? I'll start with you, if I could, Ms. Goto.

• (2025)

Ms. Shihoko Goto: It's an interesting phenomenon right now. As we look at de-risking from China, China is actually beginning to champion free trade rules.

Here we are, based in Washington. The United States is reluctant to sign on to new trade deals, but China is part of some of the biggest, most ambitious trade agreements there are, with the most notable being the CPTPP. Japan has a tremendous role to play in determining which new member countries can join or not. It is acting as a gatekeeper, and Japan is staunchly against China joining the CPTPP. However, among the member countries, there are some that are equally in favour of China's joining.

Herein lies the conundrum. On the one hand, we see a China that does provide economic opportunities. It's trying to position itself as being willing to play by the order that currently exists. On the other hand, we also have a China that is grossly violating the rules, and that has actually contributed to its amazing growth over the past decades. We are seeing it playing up its authoritarian rule, especially when it comes in the form of economic coercion.

One other point I want to make is that I agree with Yuki that there is a great deal of concern in Japan about the outcome of the

presidential election in the United States. However, from an economic perspective, the Biden administration has effectively, in principle, carried on the economic policies of Trump. We are expecting a continuum of that positioning, regardless of the election results. That is to say, we're expecting a hardline stance toward China and the prevention of a technology transfer to China.

The end goal is a win when it comes to advanced technology competition, and for the United States to win in the form of being the pioneer of establishing new rules for new technologies and new values when it comes to issues concerning data, science and the like.

Ms. Heather McPherson: Thank you.

Ms. Tatsumi.

Ms. Yuki Tatsumi: Yes, I think I might focus on how Japan sees India as a partner in this endeavour.

As you have mentioned, India has some challenges when it comes to universal norms, especially in the democracy realm, but Japan really struggled in positioning with India in the immediate aftermath of the invasion of Ukraine because of India's unwillingness to really come out explicitly against Russian behaviour. That really put in some of the strategic thinkers in Tokyo a doubt about whether India can really be a reliable partner in the Quad moving forward, especially in the political-military arena. However, that said though, geographically speaking, with India as a gatekeeper on the Indian Ocean side, neighbouring the land border with China, Japan needs to work with India and ensure that India, even if it does not subscribe to [*Technical difficulty—Editor*] in the alliance systems, remains on our side of the orbit. if you will. There is the conundrum.

If you look at Japan, Canada and other countries in the Indo-Pacific, even in Europe, they all share the same conundrum, which is that it is practically impossible to decouple our economies with China. How do we de-risk it, and how do we friendshore it? Then I think that is why Japan is increasingly investing more effort in its working with like-minded democracies in terms of supply chain resiliency and ensuring that the supply of the critical technologies and materials is not so dependent on the Beijing-generated supply.

• (2030)

The Chair: Thank you, Ms. Tatsumi, and thank you, Ms. McPherson.

We'll now go to Ms. Lantsman for five minutes.

Ms. Melissa Lantsman (Thornhill, CPC): Thank you. Thanks to both of our witnesses for being here.

Ms. Goto, I just wanted to hear you on a question that was asked by one of my colleagues, particularly around the U.S. election. You made reference to the fact that there was bipartisan support in Washington, but I would like to get your thoughts on potential change, military aid, the relationship with the Indo-Pacific, its neighbours and aggressive authoritarian regimes, if there was a change in the U.S. government.

Ms. Shihoko Goto: I think there are two developments that we can see. How will the United States work with its allies and partners in meeting the China challenge, and how will it actually engage with China itself?

The bipartisan support from both Democrats and Republicans in seeing the China threat is going to remain unchanged.

If I can elaborate a little bit more on perhaps the strength of the Biden administration, of course it has come up with an Indo-Pacific strategy. I think that has encouraged a lot of other countries, including Canada, to develop their own respective Indo-Pacific strategies. An Indo-Pacific strategy, I see as a shorthand for a China strategy, so there is greater alignment amongst U.S. allies and partners on that. There is concern that the United States, under a Trump administration, would be more hesitant or downright object to having that kind of co-operative multilateral stance when it comes to meeting that China challenge.

If I may add, Japan is a very committed multilateral actor. It wants to work multilaterally on the security front and on the economic front too, and it wants to position itself as the champion of the rule of law as well, so we see the development of the free and open Indo-Pacific strategy by Japan being adopted by many countries. Japan is now pushing for a free and open international order, which I believe will be one of the issues that it will really want to play up moving forward.

Under a Trump administration, the United States is probably going to be less open to that kind of approach of a multistakeholder push-back against China.

Ms. Melissa Lantsman: I have one more question that goes back to your comments regarding a decreased dependence on China and the fact that you view any Indo-Pacific strategy as a China strategy. Do you have any particular thoughts on the specifics of what Canada can do on technology or supply chain, beyond just the partnership?

Ms. Shihoko Goto: First of all, we have to define where there are areas of co-operation and coordination. We have to then realize the hard fact that when it comes to economic issues, especially on the trade front, there's going to be competition. There's going to be competition, because the private sector is involved. The private sector is the force that moves semiconductor production and innovation. We want to encourage that. We are going to see a great deal of overcapacity in certain industries, and the chips sector is definitely one of them.

We also have to bear in mind that China is not taking all of this coordinated action against it sitting still. It has developed its own economic plans, as well. It is also enhancing its own economic resiliency and trying to build its own economic partnerships to secure the materials, the know-how and the finances it will need to move forward in the coming decades.

If the United States and its allies, like Japan and Canada, in particular, can work together more on the pioneering issues of AI and quantum. That is where the most co-operation and coordination can happen. Quite frankly, on the manufacturing front, there's going to be more competition, not less.

• (2035)

The Chair: Thank you, Ms. Lantsman.

We'll now go to Mr. Cormier, for five minutes.

We'll be working in French for the next segment, so click the button and away we go.

[*Translation*]

Mr. Serge Cormier: Thank you to the witnesses for being here this evening. My questions are for all of you.

I would like to pick up on what you said about our dependence on China. Many people think it will be difficult to let go of our economic ties with China, and that it could even damage our economy and the thousands of companies that do business with China.

In your opinion, how can those concerns be managed? How can we explain to all those people that the Indo-Pacific strategy can help a great deal in reducing our dependency on China? Further, should we continue doing business with China in various sectors of our economy, even in the years ahead after our Indo-Pacific strategy is implemented?

Ms. Shihoko Goto: Thank you for your questions, which I will try to answer, but will have to do so in English, unfortunately.

[*English*]

Canada is not unique in its position regarding the Chinese market. The Europeans, as well as the Canadians, are in a similar situation where the goal has traditionally been to have to decouple insofar as to ensure close, strong economic ties with China, whilst keeping China's military threat in check.

Canada is a core member of the G7. What we have seen are coordinated efforts on the part of the G7 to push back against authoritarian rule and authoritarian violation of the rule of law and international economic standards and regulations.

What we do want to see, though, is greater commitment from Canada on the restoration of international institutions such as the WTO. We are going to see more trade disputes. We need to have a mechanism for resolution and dispute settlement. That is not in existence. Just because the WTO today, for a number of political reasons, is weakened, it does not mean that there is no need for the WTO—far from it. Can Canada play a part in that? I believe so. That's one in terms of being a proponent of institutions that will ensure greater clarity and transparency and economic engagement.

The other, of course—and your discussion with Ambassador Yamanouchi talked about this at great length—is about energy security and the export of the rich natural resources that Canada enjoys. There is an opportunity there.

Finally I do want to say this. When we talk about supply chain resilience, and we're talking about reimagining how global interdependence can be more effective, moving forward, this provides an opportunity for Canada to be the innovation nation. It can be at the heart of some of the new pioneering areas of science and technology that are emerging. It has world-class universities and researchers. We are at a point where we are trying to establish new rules for data management and the like.

My hope is that Canada—because as I said, Canada is a high-trust nation—will leverage the trust that it has from the international community to be part of the rule-making order.

• (2040)

The Chair: Thank you very much, Mr. Cormier.

We will now have the two final two and a half minutes, because we'll need to move on to our final witness for this session.

Mr. Bergeron, the next two and a half minutes are yours.

[*Translation*]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

My question is for both witnesses.

We heard the ambassador state very clearly that he wishes to deepen relations between Canada and Japan so they become important partners in the development of the Indo-Pacific region.

Equally, we heard that Japan also intends to work closely with India in that regard, something that Ms. Tatsumi expressed some reservations about in her earlier presentation. How can we reconcile all of that with the fact that relations between Canada and India have deteriorated considerably in recent months?

[*English*]

The Chair: Go ahead, Ms. Tatsumi, for a relatively short answer.

Ms. Yuki Tatsumi: Mr. Bergeron, I don't have all the wisdom to know the depth of the Canada-India relationship. I will say that Japan will also face this dilemma when it looks at its relationship with India. It recognizes India as an important strategic partner to counter China's challenge. That does not mean that Japan does not have issues, bilaterally speaking, especially with respect to its values. It has serious reservations about how India deals with its minorities and so forth.

Japan is actually trying its best to take a pragmatic approach, in which it recognizes India's strategic importance as a partner but it also speaks honestly to India about the issues that could present an obstacle to further promoting a bilateral relationship between Japan and India.

I don't know if that answers your question, but I see what Japan is trying to do. I share your concerns that countries like India always present a conundrum when it comes to such a relationship, especially now in the face of the emerging challenges with China.

The Chair: That, unfortunately, is your time, Mr. Bergeron.

We'll go to Ms. McPherson for two and a half minutes.

Ms. Heather McPherson: Thank you.

As I am the last person asking questions of this panel, I think I will end by asking you both how you value our Canadian Indo-Pacific strategy and the implementation of it. Is there anything else you'd like to share with this committee?

Perhaps, Ms. Goto, I could start with you.

Ms. Shihoko Goto: In a nutshell, it's a great plan. We want more of it to be implemented.

Ms. Heather McPherson: Very quickly, can I follow up on that? Does that mean you feel at this point that the implementation has been slow, or is it just that you're eager for more?

Ms. Shihoko Goto: It's a combination of the two. On the security front, certainly Canada could do more to commit on the defence side. On the economic side, again, tapping into Canada's natural resource assets and making those available as an integral part of enhancing global supply chain resiliency is a key role that Canada could play.

Ms. Heather McPherson: Thank you.

Ms. Tatsumi, go ahead, please.

• (2045)

Ms. Yuki Tatsumi: I agree with Ms. Goto. The Canadian Indo-Pacific strategy is a great plan. The Canada-Japan action plan is very much consistent with the Indo-Pacific strategy. I would say that, even if it's symbolic, the demonstration of a bilateral, joint gesture to elevate the security side of the relationship—for example, “two-plus-two”, which is currently at the vice-ministerial level but which could be elevated to the ministerial level and be made a full-fledged “two-plus-two”—would speak volumes to both countries' collective will to elevate that relationship.

I also mentioned, regarding both countries, the conclusion of the general security of information agreement negotiations and bringing those to signature. I also think the Japanese would love to see more Canadians showing up as observers or active participants in the bilateral, trilateral or multilateral military joint exercises that Japan conducts with the United States and other countries.

Ms. Heather McPherson: Thank you very much.

The Chair: With that, we'll thank you, Ms. Tatsumi and Ms. Goto. We appreciate your input and wisdom this evening.

We will now suspend and set up for our final panel.

• (2045)

(Pause)

• (2045)

The Chair: We're back in session.

I would like to welcome everybody, including our next guest, Rory Medcalf, professor and head of the National Security College, Crawford School of Public Policy, Australian National University, who joins us via Zoom.

Surprisingly to us, you don't appear upside down, so I think all of the adjustments have been made.

We will have five minutes from you, sir. Then, we'll open it up to our crew here for some questions. The next five minutes are yours.

Mr. Rory Medcalf (Professor, Head, National Security College, Crawford School of Public Policy, Australian National University, As an Individual): Thank you, Chair. It's a real privilege to join this conversation with the committee.

I want to provide, really, two sets of observations to assist your inquiry. The first is to speak a bit about Australia's relationship with China, particularly the very difficult experiences we've had over the past eight years or so. This is something of a parallel to the Canadian experience. It would be useful to draw lessons from that for both sides.

Secondly, I want to situate that relationship within the Indo-Pacific strategic context, which I know has been somewhat discussed already today. I'd like to add an independent Australian perspective on that, because, of course, our bilateral relations with China, just as your bilateral relations with China, are not in isolation. They intersect with the great power of politics of the Indo-Pacific and the world. They intersect with China's strategic ambitions with regard to many other players in the international system.

It's a mistake to be measuring the success or the stabilization of the bilateral relationship in isolation. It's certainly a mistake for a middle power like Australia or Canada to effectively be blaming itself every time it has a problem with its relations with China.

A factor across all of these conversations, of course, is the authoritarian nature of the Chinese party state, and the particularly hardline positions that the Chinese leadership has taken over the past decade.

To begin with, here are a few thoughts about Australia-China relations. I'm speaking to you in February 2024 at a time when the Australian government, and really Australia as a nation, has been going through, for more than a year now, what I would call a stabilization process in relations with China.

It's really important to emphasize the qualified and limited character of stabilization. It is not a reset. It is not about strategic trust. It is not about anticipating a glorious future for the relationship. It's really about limiting and managing the damage we've had in terms of economic coercion, in terms of self-defeating Chinese policies toward Australia and in terms of a freeze on diplomatic dialogue, but we are in a stabilization phase.

● (2050)

The Chair: Mr. Medcalf, I just need to ask you to lift your microphone boom up just a little bit.

You're speaking in French on another channel. You probably didn't know that, but you are.

Thank you.

Mr. Rory Medcalf: Okay. I hope my French is excellent.

Australian stabilization with China, which is really important to understand at this moment, has now been interrupted, of course, by a really terrible recent development, and that is effectively the death sentence on an Australian citizen who is detained in China, Dr. Yang Hengjun.

The stabilization moment is one bookend, and the other bookend is the Australia-China relationship about eight years ago. Just to summarize what's happened in that intervening period, until around 2016, I think, there was a degree of overconfidence and naïveté in the Australia-China relationship and a view that our very strong economic relationship with China could be managed without a fun-

damental security risk. That relationship included our massive reliance on China as an export market, particularly for iron ore, and our growing relations with the PRC across a number of economic and societal dimensions, including in terms of migration and education.

The reality check that we went through from 2016 onwards, culminating in 2020 with the application of coercive economic measures against Australia by the People's Republic of China, put paid to that naïveté and brought the issue of strategic risk to the foreground in understanding the bilateral relationship.

There were a few key markers in that journey. One was the revelations about foreign political influence, interference and espionage activities by the PRC or by entities linked to the Communist Party and the United Front Work Department in 2016 and 2017 that led to, among other things, the resignation of an Australian senator who had been implicated in a lot of this unpleasantness.

As well, there were the introduction of laws criminalizing foreign political interference in Australia, laws requiring a transparency register of agents of influence, laws limiting foreign donations to Australian political parties and laws requiring subnational governments, states and territories as well as institutions such as universities to consult with the federal government when forming formal international partnerships. There were other elements involved as well, but the foreign interference issue was a major first part of that reality check.

Another really important development was the decision by the Australian government in 2018 to ban non-trusted vendors from the 5G network, which of course was, in effect, code for Huawei and ZTE, and obviously there was great unhappiness caused to the PRC and discomfort caused to the bilateral relationship.

From a strategic perspective, more importantly, this was an example and a signal sent to many democracies around the world about the need to take a close look at who or which institutions were effectively being trusted with providing the nervous systems of their economies.

Foreign interference and critical technology—

● (2055)

The Chair: Mr. Medcalf, we would ask perhaps, if you have other—

Mr. Rory Medcalf: Do you want me to wrap up?

The Chair: Yes, wrap up if you could, please.

Mr. Rory Medcalf: Thank you. That's fine.

I have two last points before we go to the conversation.

The other issue that's really important to understand, of course, is the economic coercive measures, which, as members of the committee would be aware, were imposed on Australia after the then Australian government called for an independent international inquiry into the origins of the COVID pandemic. Although the Australian politics of much of the management of the relationship may have been clumsily handled at times and the relationship may have become overpoliticized, the national interests and values at stake in this confrontation, I think, were recognized across the political spectrum.

To wrap up, in the last 18 months or almost two years, we have a relatively new government, a Labour government in Australia, which, although it has taken a more careful approach to diplomacy with China, has not retreated on any of the fundamental national security commitments made by the previous government. In fact, has been more forward-leaning in some ways in competing with China's strategic and political influence in our neighbourhood in the south Pacific part of the Indo-Pacific region.

I'll pause there. I would like to find an opportunity to talk to the committee a little about the broader Indo-Pacific geopolitics, but I'm sure some questions will open that conversation.

Thank you.

The Chair: Thank you very much, sir.

We will have one round. Six minutes go to each of the groups here, followed up with five, five, two and a half, and two and a half—the usual.

We will begin with Mr. Kmiec for six minutes.

Mr. Tom Kmiec: Thank you, Mr. Chair.

I actually wanted the professor to talk about the case of Yang Hengjun. I understand that he's an Australian writer, a pro-democracy blogger, and he's been jailed since 2019.

Can you tell us more about the case and what the impact has been on Australian foreign policy?

Mr. Rory Medcalf: Yes, I can speak to that to some extent, but also bear in mind that there was one other instance of an Australian citizen being arbitrarily detained in China in recent years—Cheng Lei. She was released late last year, I think after very extensive interventions and negotiations with the Australian government.

Tragically, we have one good news story and one bad news story. Going to Dr. Yang Hengjun, it's very clear from the Chinese government statements in the last week or two that there is absolutely no intention of releasing him. In fact, he has been convicted in the very opaque and arbitrary way of the PRC system.

He's been convicted of an alleged espionage offence and formally given a death sentence which, as we understand it, has been suspended for the time being. Now, part of that tragedy is that the suspension of the sentence may be quite meaningless, because it's understood that he is very ill and that his health condition could well be a consequence of medical neglect during his detention. His family in Australia, his friends, supporters and, I think, Australian society generally are facing the prospect that he may never return to this country.

He is an Australian citizen and has been for quite some time. The coverage of his case increasingly now refers to his earlier status not only as a PRC citizen but as an employee of Chinese government agencies. Reportedly the foreign ministry and the ministry of state security are not in a position to comment with any kind of expertise on that, one way or another.

However, it's been argued in the Australian media coverage that perhaps one reason the Chinese state is so insistent on holding onto him is a sense that he is effectively one of their own, effectively someone who was within the Communist Party security apparatus, who later in life became convinced of the virtues of democracy and has been fearless in campaigning for that. Therefore, in that sense, he's being used, perhaps, as a really ruthless example.

There's also a context and a question as to whether his continued imprisonment and the shadow of his death sentence are some form of continued signalling of coercion to the Australian government, effectively a kind of good behaviour bond for Australian diplomatic respect for China.

• (2100)

Mr. Tom Kmiec: Professor, I'd just follow up regarding what Canada has experienced with the two Michaels. We just call them the “two Michaels” now; we don't even call them by their last names. That's how famous they've become.

However, there's also the case of Huseyin Celil, who has been in prison for, I think, a decade now. It's a very similar case. He was a Uyghur activist as well. It's the same claim you make—because he's a national, and the country refuses to recognize him as a national of our country, they treat him differently from others. This is a repeat behaviour by the PRC.

What kind of message do you think it sends to western countries? What should we learn from this, as western countries, and how should we be addressing it? Our countries—Australia and Canada—nationalize lots of citizens of other countries, who are extended our full protection and full rights. I'm one of them. I'd like to know what our learnings should be from it, from the Australian perspective.

Mr. Rory Medcalf: Of course, Australia and Canada are more alike than almost any two other countries in the world in the multi-cultural nature of their national identities, and in that cherished relationship we have with citizens who joined us from all over the world.

There is a fundamental affront to what is really the core of Australian national identity by treating someone who is an Australian citizen as, effectively, not an Australian citizen, and to the treat them as the property, in a sense, of a foreign authoritarian state. It is very challenging.

The response from the Australian government has been, so far, a case of doing what they can, but that response has to work at two levels. I think there's a parallel here for Canada. One level, of course, is diplomatic, in a consular sense, but also in coordinating with other countries and building coalitions of solidarity. We do need to treat this as important. As with any Australian citizen, irrespective of background, this needs to continue to be a diplomatic priority. I think, with respect to the current Australian foreign minister, she has been very serious about this issue. You can even tell from her response last week to his death sentence that she not only treats it as a national priority; she takes it very personally.

However, domestically, we have to redouble our efforts to build cohesion among communities of diverse origins, to encourage and empower their identification with our state and our collective values—our liberal democratic values and sense of community—and to ensure, through our own government's agencies, that Australians of all backgrounds are equally protected from foreign interference or intimidation on our soil as well.

The Chair: Thank you, Mr. Kmiec.

We'll now go to Mr. Oliphant for six minutes.

Hon. Robert Oliphant: Can I just check the time on that last round?

The Chair: That was a little closer to seven minutes.

Hon. Robert Oliphant: Okay. We're proposing to do one *tour de table*. We'll split our time, and we won't need another time after this. If we take six minutes now, we'll take three and three—

The Chair: That's fine.

Hon. Robert Oliphant: —and we're going to suggest that we do that to try to end at a reasonable hour tonight.

The Chair: Yes, it is quite late here, Mr. Medcalf, although the energy has not flagged. I can tell you that.

Go ahead, Mr. Oliphant.

Hon. Robert Oliphant: My question for Mr. Medcalf has to do with the concept of collective response through Indo-Pacific strategies that may be complimentary or may be unique to different countries. Various European countries, as well as Australia, obviously, and Japan, have an approach to the Indo-Pacific, as does Canada.

Are you seeing threads of commonality that help us deal with the superpower of the area, China, or are you seeing difficulties there that we should be addressing, in a sense, with our colleagues and like minds?

• (2105)

Mr. Rory Medcalf: Thank you. That is a fundamental question that brings us to the strategic situation.

As all of you are aware, the core strategic challenge in the Indo-Pacific is how to manage the power and assertiveness of the People's Republic of China in ways that do not lead to major conflict or escalate to major war. That's an incredibly difficult balancing act, and it's only going to work through a combination of deterrence, diplomacy and other methods, including development assistance to swing states between China and the U.S. That requires solidarity,

strategic postures and diplomacy, and that's where the Indo-Pacific concept comes into play.

I've been a strong advocate of the Indo-Pacific idea for a long time now. It's heartening to see the number and range of countries and institutions, such as the EU and ASEAN, that have developed some kind of Indo-Pacific outlook, strategy or policy framework. It's very important that it's more than just words, of course. At its core, the Indo-Pacific idea is about building solidarity across a two-ocean region where we can develop a broader range of partnerships to manage Chinese power, deterring and engaging in equal measure. We can build a broader range of partnerships than we could if we worked in a much smaller strategic space defined by China. China much prefers to look at subregions such as southeast Asia in isolation and assume that any country not resident there somehow has no business there. Of course, that's partly behind China's attempts to dominate the South China Sea.

How are we doing? I think, on balance, the commonalities among all the various Indo-Pacific visions and policies of the nations and institutions engaged, such as the United States, India, Japan, Australia, European partners, Canada, some southeast Asian players—particularly the Philippines and Vietnam—and institutions such as ASEAN and the EU.... The level of commonality is substantial. There are principles that unite all these positions around the rule of law, the sovereignty of states, large and small, and non-coercion and non-use of force.

However, we could do better. We—

Hon. Robert Oliphant: I'm going to stop you there so that my colleague can have a chance to ask a question as well.

Thank you.

Mr. Rory Medcalf: Okay.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you very much, Professor Medcalf, for being here tonight.

In the previous panel, a witness, Shihoko Goto from the Woodrow Wilson Center, said that, while she doesn't foresee immediate conflict, as she put it, between China and Taiwan, the threat of a misunderstanding is very real and the outcome could be unintended consequences, including and up to conflict. Certainly, that's how I understood her comments.

My question to you is less so on what you think about that possible outcome—although, if you have time, I would be interested to hear that. It's more so on where that leave countries such as Canada and Australia—middle powers that are stuck to....

Are we destined to simply watch? How can we be constructive in, as much as possible, mitigating that outcome?

Mr. Rory Medcalf: Thank you.

The “how can we be constructive?” question actually helps me complete my point on the previous question, because we need to bridge the gap between countries and institutions that focus very heavily on diplomacy, as if somehow entangling China in a web of rules, diplomacy, meetings and negotiations will prevent aggressive action. For example, ASEAN and the European Union seem to foreground diplomacy when they talk about the Indo-Pacific, rather than acknowledge that there has to be a role for deterrence.

On the other hand, with that gap, we have to work particularly with the United States to remind.... Yes, we want and need a very substantial deterrent power in the Indo-Pacific. U.S. leadership in that regard remains vital, but it needs to be woven in with agile diplomacy and engagement with this broad range of partners, for example, showing respect to the interests of southeast Asia.

That's the challenge. The contribution we can all make, for example, to the critical flashpoint across the Taiwan Strait is in all of us finding ways to contribute both to deterrence and to diplomacy. That deterrence is not and should not be expected to be frontline military deterrence from every actor—for example, from Canada—but there needs to be, at a bare minimum, a high level of understanding and support for the messaging that the United States sends, which is effectively to say to the PLA—not today but every day—that it's never going to be a good time to start a catastrophic war across the Taiwan Strait.

However, it also means that all of our countries need to be thinking about how to be prepared for conflict and crisis scenarios. The more prepared we are—including in terms of economic resilience, coordination with allies and partners, and perhaps a willingness to contribute to counterblockading operations in an extreme scenario—the more we're going to have a chance at influencing the calculations in Beijing.

To conclude, I don't think major war is likely but it's certainly possible, and the sense of possibility is going to go in many ways to the question in Beijing about whether the rest of the world will turn a blind eye to such a conflict.

• (2110)

Mr. Peter Fragiskatos: Thank you.

The Chair: Thank you, Mr. Fragiskatos.

Mr. Medcalf, are you aware of the button that you can push for translation?

Mr. Rory Medcalf: Yes.

The Chair: It's that little globe at the bottom.

Mr. Rory Medcalf: Go ahead.

The Chair: All right. Good.

We will go ahead to Mr. Bergeron for six minutes, and maybe a bit more.

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

Mr. Medcalf, thank you for being here this evening.

Last November, the Australian prime minister and the Chinese president held a meeting, during which they agreed that the two

countries could become trusted partners. Their interest was in restoring trade ties. This was described as a positive meeting by both parties, especially by the Australian prime minister.

In your opinion, can we really talk about an improved relationship with the People's Republic of China, and do Australians really believe in that?

[English]

Mr. Rory Medcalf: Thank you.

That's where the “stabilization” word becomes incredibly important.

In fact, there were a number of high-level meetings between the Australian and Chinese governments last year, but the meeting in question, I think, was at APEC. Of course, there was also a visit to China by the Australian prime minister in, I think, October of last year. These are key markers in the stabilization journey for Australia.

What that brings us to is a normalization of diplomatic dialogue. Of course, you need diplomatic dialogue with countries where you have differences. China lifting some, but not quite all, of the coercive economic measures—the sanctions it placed on a range of Australian exports—and the beginning of a larger conversation about the relationship do not equal trust, in my view. It does not, in my view, equal enormous ambition from Australia for the bilateral relationship.

The damage is done. I think the Australian population largely has a much higher level of distrust of the PRC than they did five or 10 years ago. Yes, we have a little bit of confrontation fatigue, I might say. There are parts of the Australian society and economy that obviously want to get on with looking for economic opportunities with China and elsewhere in the world. There are many parts of society and the business community that of course would prefer that we live in a world where the risk of military confrontation is not real, but I think there is now, quietly, an awareness that conflict is a reality in the 21st century. Ukraine has reminded us of that. We're not going back to the relationship of, say, 2015.

My final point to note is that the terrible outcome last week with the sentencing of Dr. Yang Hengjun, in my view, effectively ends the improvement in the relationship.

The relationship may not deteriorate again in the near term, but it's very difficult to see how an Australian government can, in any kind of self-respecting way, now keep calling for stabilization across the board or trust across the board. It just needs to look to managing the improvement that it's had and at the same time continue to build up its own security capabilities, alliances and partnerships—AUKUS is obviously very important in that regard—and help to discourage China from further destabilizing behaviour.

• (2115)

[Translation]

Mr. Stéphane Bergeron: You are certainly aware that Canada intends to create a foreign agent registry, something the Australian government did some time ago. Has the registry been helpful and if so in what way?

[English]

Mr. Rory Medcalf: The transparency register for foreign agents in Australia is large, long and extensive. It's certainly not China-specific, so it includes hundreds of individuals and entities involved in many relationships around the world.

One argument could be made that this has, therefore, not been very effective because it often captures relationships that actually have no strategic significance. On the other hand, it demonstrates that the Australian government is country-agnostic and that this is not about discriminating against China; it's simply about applying equal rules to all.

I think the law or the register has been moderately successful. I don't think it's been an incredible success, but it's been successful enough in tandem with the laws criminalizing foreign interference and all of the other pieces of the architecture.

Most interestingly, part of the deterrent effect of the register is that it's fair to assume that a number of individuals in fact ended their formal involvement in the China relationship or their formal involvement with institutions that had links with the PRC before the register came into force. That in itself has been a positive outcome.

[Translation]

Mr. Stéphane Bergeron: In your book *Contest for the Indo-Pacific: Why China Won't Map the Future*, you wrote that the Indo-Pacific is about organizing a collective response to China without resorting to capitulation or conflict. Is that vision broadly shared by countries in the Indo-Pacific, particularly ASEAN member countries, considering that some of those countries have relatively close ties with Beijing?

[English]

Mr. Rory Medcalf: Thank you for quoting my book on the Indo-Pacific. I am confident there will be a massive increase in sales in Canada following this evening's proceedings.

Quite seriously, what I attempted to do in that book and what I continue to try to do through my work is to identify the commonalities of Indo-Pacific visions and then encourage our very diverse countries to work together as much as we can.

To say that the Indo-Pacific strategic idea is about avoiding both capitulation and conflict is not to say that if there were a conflict we should back down. It is to say that we want to do everything we can to achieve strategic equilibrium, as the Australian foreign minister calls it, to maintain peace and stability, but deterrence is part of that picture. Some countries are very serious in that regard. I think Australia is. I think Japan is, for example, and the United States unquestionably is, even, I think, under potentially a Trump administration.

Southeast Asia is obviously much more complex and problematic. Vietnam will attempt to deter China in its own way, but will not try to join with others in collective deterrence. The Philippines—I think a good news story—has become much closer to its U.S. ally in recent years and is even getting more serious about its own capabilities, so I think the Philippines sits in that camp of strategic equi-

librium that Australia is pursuing. The Republic of Korea, again, I think is moving in the right direction.

There's some progress, but we are a long way from a uniform response. To be honest, I don't think we really strictly expect that. As long as we can ensure that major countries in southeast Asia, particularly Indonesia, are not effectively co-opted by China in a future conflict or crisis, that is probably enough, and incidentally remind our friends in southeast Asia that a conflict will touch them immediately. For example, a Taiwan conflict would immediately endanger the lives of hundreds of thousands of Indonesian nationals who are resident in Taiwan.

Reminding countries that you cannot avoid the situation, that you cannot sit on the fence and that you have to protect your interests is a really important part of the diplomatic challenge for Australia and indeed for Canada.

● (2120)

The Chair: Thank you.

Now we will go to our final questioner and that would be Ms. McPherson for six minutes and change.

Ms. Heather McPherson: Thank you, Mr. Chair.

Thank you very much for being with us this evening. I must say, it does look much more pleasant there at this time of year, in February, than it does in Ottawa.

I'm struck by the similarities you've expressed with regard to Canada and Australia and our relationship with China.

My colleague from the Conservative Party brought up Huseyin Celil. We know about the two Michaels. Obviously, what's happening in Australia right now is very similar to that.

Obviously, working alone is not the solution. It is working with allies. Do you feel now that you are in this situation, that Australia is being supported by its allies? Are you getting the support that you require? In our situation, I'm not certain that we had that support.

Mr. Rory Medcalf: The short answer is that I don't know, and I would be misleading you if I was confident in the solidarity that we're getting.

I don't know what's going on behind the scenes. I would hope there's intense consultation among officials and, indeed, among ministers on this and that it's not just a bilateral thing. We need to be building regional and global solidarity among like-minded, and this is where particularly we can and should leapfrog geography. We should be looking to Europe, for instance, as core to those coalitions.

My sense of the last five or six years when Canada went through its terrible situation with the two Michaels, when Australia went through its economic coercion, when particular individual countries elsewhere have been targeted, is that we haven't, on balance, had enough solidarity. I think there's been broad talk of it. There's probably been interesting backroom conversations about how we can coordinate lobbying, coordinate sanctions and coordinate domestic policy settings or legislation, but it doesn't feel that there is enough of a grand coalition. I think that, frankly, all our countries are probably culpable in that regard.

This does go to the hostage diplomacy question, but it also goes to the economic coercion question. It's a very difficult question for someone like me to answer, someone who is an advocate of a pretty firm national security and democratic rights response to China's coercion. It is a question that was put to me and people like me by voices in the China lobby in Australia during our experience of economic coercion, which is to say, "Sure. Australian coal is now being shut out of Chinese ports, but don't worry. Others, including Canada, are picking up the market."

In other words, your hope in solidarity is forlorn. That's not me criticizing Canadian economic or commercial policy, but it's certainly to say that we have to do better if we're going to demonstrate that democracies really do stick together.

Ms. Heather McPherson: Yes, absolutely. I think that we saw that in terms of businesses working in China—for example, the supply chains. We, in Canada, have very weak forced-labour legislation. We're hoping to have stronger legislation, but it hasn't come forward yet. We look at what other countries are doing around forced labour.

Could you comment a little bit on that—on how we could have a better, more cohesive way of looking at forced labour coming out of China and also on, perhaps, those risks that businesses that are working in the PRC are facing right now? As you say, China can pit us against each other to some degree, which adds a lot of insecurity and risk to businesses.

Mr. Rory Medcalf: I'm not sufficiently...across the details, including in Australia, to really comment authoritatively on how well we could or should coordinate on the forced-labour issue, other than to say that, for example, in the Australian policy debate, it probably has receded in the last few years as a headline policy is-

sue. Certainly, there are strong voices, particularly in Parliament and across the political spectrum, who continue to be very concerned about forced labour in China and particularly for the Uyghur community.

I would say that building and maintaining more prominent cross-parliamentary collaboration and dialogue publicly would be one of the best contributions that all our countries could make to keeping this issue alive. I don't think that, in a policy sense, the Australian government is retreating on these issues. For example, I mentioned our modern slavery legislation and how effective Magnitsky laws are on the books. However, I think the Australian government has been careful to pick its battles in the way it expresses concerns openly to China. I don't think that's a sustainable situation in the long run.

I think it makes sense, for the short term, to stabilize the relationship, but as the case of Dr. Yang Hengjun has reminded us, there are going to continue to be instances where the Chinese state's affronting behaviour is going to challenge our core values and national identities. We need to be ready for that.

I think, in a way, democracies have to be patient with one another in public, but privately, they have to be working pretty frantically behind the scenes to prepare those coalitions for the next crisis.

• (2125)

Ms. Heather McPherson: Thank you very much.

The Chair: With that, Professor Medcalf, we thank you for your time. It was very illuminating. It was good to hear from down under. We hope to get to one of your opposite numbers, if there is such a thing in New Zealand, and to some of the other nations there as well. We appreciate your time and thank you for your contribution today.

Mr. Rory Medcalf: Thank you. It's my pleasure. I wish you all the best.

The Chair: Thank you.

With that, we are concluded. I want to thank the clerk, the analysts, our interpreters and our support staff for all of the work that they've done.

The meeting is adjourned.

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