

VISIT OF PRIME MINISTER TAKESHITA TO CANADA,  
JANUARY 1988

Japanese Prime Minister Noboru Takeshita met with Canadian Prime Minister Mulroney in Toronto January 15-16, 1988. By all accounts, the "get-acquainted" visit was both successful and productive. Both Prime Ministers reviewed a range of political, economic and cultural issues. They resolved to strengthen bilateral understanding through the rigorous use of the 22 bilateral consultative mechanisms currently in place. Furthermore, there would be additional cultural programs and youth exchange visits, as well as an enhanced inter-parliamentary visits program.

The Prime Ministers agreed on the importance of the trade and economic relationship. With respect to the Canada-United States Free Trade Agreement, their joint statement read:

"The two Prime Ministers expressed the hope and expectation that the Agreement will result in increased trade and investment opportunities not only between Canada and the United States but also between third countries and North America, particularly between Japan and Canada."

Prime Minister Takeshita also promised to carry to Japan a message for increased investment in Canada.

Prime Minister Mulroney outlined Canadian trade concerns, particularly with respect to the mix of our exports to Japan. Canada would like to see the mix change so that a percentage higher than the current 5% of our exports to Japan are fully manufactured goods. He also expressed his desire for Japan to eliminate its discriminatory tariff on Canadian SPF dimension lumber.

On the subject of foreign investment, Prime Minister Mulroney stated that his Government had created a positive climate for investment. He encouraged greater Japanese investment in Canada since, at the moment, Canada is receiving a smaller share of direct Japanese investment than their market share would warrant. Prime Minister Mulroney praised existing Japanese investors as good corporate citizens and expressed the hope that more would follow not only in auto assembly but in electronics, industrial machinery and others previously identified in the Kanao Report.

During the visit, the January 14, 1988 announcement by Honda that it plans a three-phase \$80-million expansion at its Alliston, Ontario plant was greeted with enthusiasm by the Prime Ministers. It was also viewed as an indication that Japanese business considered that the Free Trade Agreement would be beneficial. According to a company press release,