

## CANADA-JAPAN RELATIONS

Japan presents important opportunities and challenges for Canada. It is one of the world's leading economic powers and is assuming an international role commensurate with its economic standing.

Canada has expanded markedly its consultation and co-operation with Japan in recognition of that country's increased international role. Some 22 consultative mechanisms exist, including the annual foreign ministers' consultations, the Joint Economic Committee, financial consultations and policy planning talks, and sectoral meetings on fisheries, agriculture, resource processing, industrial cooperation, etc. In the coming months there will be consultations on arms control and disarmament, international terrorism, and housing. In addition, Japan plays a key role in economic issues within most major international organisations.

In November 1986, the Canadian government adopted a Strategy to provide leadership and coordination to assist the provinces, business, and labour in promoting their interests in Japan. It includes a plan of action which involves closer political contacts in government and Parliament to explore such matters as shared interests in regional security, economic stability and global peace; making Canada an attractive destination for Japanese investment; expanding financial market activity; stimulating technology acquisition and development, as well as industrial cooperation; using the multilateral trade negotiations to secure Canadian interests; encouraging greater and more concentrated involvement by provincial, business and labour leaders in pursuit of specific Canadian objectives; and promoting tourism.

Canada maintains a range of parliamentary, cultural and academic links designed to increase awareness and communications with Japan. These represent promising areas for future development.

Canada moved from a long-standing trade surplus with Japan to a deficit of C\$1.7 billion in 1986; a much smaller figure is projected for 1987. In 1985, Japan overtook Canada as the largest exporter to the United States. Yet, Japan is only half as dependent on trade as Canada in terms of GDP (Gross Domestic Product).

Japan is Canada's largest export market after the United States (sales of C\$5.9 billion in 1986) with heavy concentration in energy (coal), minerals, agriculture, fisheries and forest products. Only 5.5 per cent of the total of Canadian exports to Japan in 1986 was in finished industrial and consumer goods. Because of intensifying competition and massive bilateral