

Japan has, for years, been the catalyst for the Pacific region's dynamic growth. As the largest market economy in the region, indeed the second largest market economy in the world, Japan will play a pivotal role in future developments in Asia and the Pacific. The existing close ties between Canada and Japan provide a unique "window of opportunity" to enhance and strengthen Canada's interaction with the region.

New Japanese industrial policies are focussing on the development of knowledge intensive industries and encouraging the transfer of technology to newly industrializing countries. These changes will challenge traditional Canadian exports to Japan. We are confident, however, that Japan appreciates that large investments in resource developments in Canada have provided Japan with a secure source of supply of coal and other essential resources for the Japanese market. Our willingness to ensure security of supply requires, in turn, continuing market security at prices sufficient to ensure the viability of our resource sector. I see other opportunities as well. With our own restructuring we can search out new markets within the region and give substance to the complementarity of our two economies by providing new Japanese industries with semi-processed materials.

The bonds that make Canada and Japan partners across the Pacific are strong. We cooperate in economic, commercial and political affairs. But we cannot afford to sit back in any satisfaction with the achievements of the past. Much more has to be done. We must enhance our academic relations and cultural exchange programmes. As a reflection of Canada's commitment to strengthened relations with Japan, solidified by strong bonds of mutual understanding and knowledge of each other, I am pleased to announce today the introduction of a new initiative under our academic relations program. We have earmarked an annual grant of \$50,000 for a Canada-Japan Research Award. That grant will be awarded to a Japanese institution desiring to undertake a research project on Canada, on Canada-Japan relations, or on Canada, Japan and the Pacific Rim.

Through their support of activities in the academic field, the governments of both Japan and Canada have demonstrated their firm commitment to the thesis that a strong and healthy relationship, whether at the political, commercial, or social level, can only be sustained and nurtured in an environment in which there is a sympathetic knowledge and understanding of each others national identity. Governments are not unique in their realization of the fundamental importance of strong cultural ties and mutual understanding. Indeed, business in both our countries has supported a number