

others' aspirations and feelings about the relationship — a perception gap that, in our view at least, has inhibited the realization of greater trade and investment in the important areas of resource upgrading and manufacturing.

Finally, the Banff meeting indicated, in a more convincing fashion than before, that the Japanese are interested in a more diversified economic relationship — one which encompasses investment, joint ventures, technology exchanges, and which envelops and enriches the central trade element. This development remains an important foreign policy objective for Canada *vis-à-vis* Japan.

**Creation of
resource-
processing
group**

There were also some more specific major achievements at the JEC. Undoubtedly the most important of these was the agreement to establish a Working Group on Resource Processing. In this group, which will begin meeting early next year, experts will be able to examine, in detail, industrial trends in all sectors — energy, minerals, forestry, petrochemicals, even agriculture — and to identify opportunities for the upgrading of resources in Canada, with Japanese involvement for supplying the Japanese and other markets. In agreeing to the creation of this group, Japan has recognized the importance we attach to our industrial development goals; as such, it is a very positive development.

We also achieved headway in following up Mr. Gray's mission to Japan in August regarding further acquainting the Japanese with our desire for increased purchases of Canadian automobile parts as well as for Japanese investment in auto and auto parts manufacturing or vehicle assembly plants in Canada. Insofar as this is a private sector matter, we did not expect to achieve any breakthroughs, but the Japanese government can be under no illusion as to the strength of our concerns in this area — concerns which it will not be possible for Japanese auto makers to disregard.

Although we cannot term it an achievement until we see some results, nevertheless the JEC permitted Canadian officials to remind the Japanese that Canadian interests should not be ignored or discriminated against in responding bilaterally to the concerns of Japan's larger trading partners. I cannot over-emphasize the importance of opportunities to repeat this message.

Energy projects

In the energy sector, Japan underlined ongoing and increasingly active interest in participating in major energy projects in the Arctic, in the oil sands and in thermal and coking coal and their liquified products. Naturally, they remain interested in access to the product where Canadian policy permits. The Japanese were reminded that CANDU is also an important bilateral question, and we reconfirmed that its sale to Japan could have favourable effects on all aspects of our relationship.

The agricultural discussions were somewhat less difficult than in the past, and we had some good exchanges on trends which favour increased interchanges in food products. Both sides welcomed the establishment of the informal consultations which have now begun between our Embassy in Tokyo and Japanese officials on the many agricultural trade irritants that inhibit the fuller development of this important dimension of our relationship.