

Asia--a role that may be less acceptable to the other economies of North Asia over the long run than may be the case in other or larger Asian subregions. Japan's role in North Asia will be constrained by the historical hostility and mistrust the region's other economies feel towards it, as well as by the growing economic importance of mainland China, and by the importance for China of investors from Hong Kong, Taiwan and Korea. Japan's role could also remain constrained should the U.S. maintain, or enhance, its commitment and level of involvement in the region.

There is some concern that Japan is using its aid policies and trade promotion activities to stymie competitors' activities in the region, and that Japanese corporations will transfer their supplier networks (keiretsu), which are often perceived to be closed and difficult to penetrate, to the other economies in the area. Unfortunately, comprehensive empirical data to support or refute this claim are lacking.

## 7.2 A Role for Canada

Given Russia's resource endowments--timber, fish, mineral resources and fuels--it would appear that there is significant potential for increased competition for Canadian exports from Russian products in these sectors. A review of Japanese import statistics, however, suggests that Russian and Canadian exporters currently are major competitors in only a few markets. These would include: frozen fish, sawn wood and some unwrought mineral products.<sup>48</sup> Greater competition from Russian resource-based goods may have been limited by that country's recent economic problems, but could well increase should it be able to arrest the decline in economic activity in its export sectors.

Trade with Asia, and particularly the economies of North Asia, is important for Canada, and has been growing in importance in recent years. In 1993, Canadian exports to the economies of North Asia of C\$13.7 billion were only exceeded by Canadian exports to the U.S. of C\$150.5 billion. Canadian exports to North Asia in 1993 amounted to 7.3 per cent of total Canadian exports, up from 6.9 per cent in

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<sup>48</sup> For example, during the 1988-93 period, Russia saw its share of the Japanese market for frozen fish (HS Code 03.03) increase from 1.1 per cent to 9.5 per cent, while Canada's share declined from 7.3 per cent to 4.9 per cent. Russia also was able to increase its share of the Japanese nickel market (HS Code 75.02), while Canada saw its market share decline by more than one-half. Canada, however, was able to increase significantly its share of the market for sawn wood (HS Code 44.07) during this period, while Russia's share increased only slightly. While Russia was able to triple its share of Japan's aluminum market (HS Code 76.01) from 3.2 to 10.4 per cent, Canada's market share increased marginally. See: Japanese Tariff Association, Japan Exports and Imports: Commodity by County, Tokyo, Japan, Issues 93.12/88/12, 1994/1989.