

gravity), ocean development (e.g. harbour and coastal engineering), agriculture (e.g. buckwheat research and food safety) and informatics (e.g. image processing and optical devices).

A review was also undertaken of the industrial co-operation agreement reached last year by our respective Industry Ministers. The purpose of this accord was to facilitate joint ventures and technology transfers and to encourage investment between Japanese and Canadian companies in advanced manufacturing technology, microelectronics and advanced industrial materials. This agreement has been so successful that it has been expanded to include space and biotechnologies. (Examples include: (a) an agreement between Servo Robot in Montreal and Daihen in Osaka to supply vision systems to be used in welding robot application; and (b) an exchange between the Ontario Research Foundation and the Japan Fine Ceramics Centre.)

Activity has been brisk, with eight missions of more than 100 Canadian businessmen travelling to Japan. One such mission, focusing on advanced manufacturing technology, is in Japan today led by the Canadian Manufacturers' Association.

In addition, consultations on financial policy were held in Ottawa last month. Last week in Tokyo, our officials met to discuss developments in the forest product industries. Next week they focus on agricultural trade.

Canadian sales to Japan in 1985 exceeded our total combined exports to Latin America, the Caribbean, Africa and the Middle East by half of a billion dollars. To put it another way, Canada's exports to Japan exceed our total exports to all our European Economic Summit partners combined.

In fact, in 1985 the total value of our trade was \$11.8 billion. In the first eight months of 1986, Canada's exports to Japan increased by more than 8% to \$4 billion. Imports from Japan reached \$5 billion an increase of 32% over the previous year.

If current trends continue, we will soon find Japan having the largest merchandise trade surplus with Canada. Our trading relationship will remain constructive, but we must be careful about perceptions emerging that the benefits of expanding trade are running too much in one direction.

In light of this, I would be concerned if large Japanese trade surpluses result from uneven access for Canada to the Japanese market. I would also be concerned if Japan undertook to