

to \$1.6 billion in 1980), this change was related largely to cyclical factors. According to Japanese figures, Canada's overall surplus with Japan in the first nine months of 1982 had grown considerably and stood at \$1.2 billion.

As in any extensive relationship of importance to both sides, there are areas of concern. At the time of writing, negotiations on the subject of Japanese automobile exports to Canada are in progress. Like many of Japan's other trading partners Canada is encouraging Japan further to open its market to foreign supplies of manufactured goods. Canada has a number of ongoing concerns about the terms of access of our dressed whitewood lumber. We remain optimistic that there will be a favourable Japanese decision about CANDU. In more general terms the economic relationship is only now beginning to develop some sophistication in the way of a sustained interest in economic cooperation through greater investment, and joint venture activity. Canada also wants to increase the proportion of further processed manufactured and high technology goods in our exports to Japan. Despite these concerns Japan remains a valuable market for Canadian agricultural and fish exports, industrial raw materials and, increasingly, consumer products.

The annual meetings of the Canada-Japan Businessmen's Consultative Committee have been an extremely positive element in the bilateral commercial relationship. These meetings bring together senior businessmen from Japan and Canada for a frank and earnest exchange of views on the problems and prospects of the relationship.

Japanese preoccupations about their economic relationship with Canada include a continuously-stated uneasiness with Canada's foreign investment regulations and procedures and concern about our energy policies, particularly exportability of hydrocarbons. Some of the Japanese concerns about the investment climate were addressed by a MITI investment mission to Canada last year. A return mission by Canadians to Japan is planned for later this year.

Because of the sheer volume of our resource exports to Japan, it seems unlikely that the percentage of our fully-manufactured exports will ever be large. Nevertheless, in absolute terms exports of these goods could show quite considerable growth; indeed the sustained efforts at the Tokyo Canada Trade Centre are beginning to bear fruit. Other promising signs include Japan's agreement to open government telecommunications procurement to foreign