

If certain economic trends appear conducive to positive development, there are also non-economic elements serving as important catalysts. As I have said, the Japanese appear more aware of Canada and conscious of our interests than at any time in the recent past. A certain momentum has now been built up by missions and visits -- particularly those of the late Prime Minister Ohira and of Mr. Gray, by our profile as a Summit partner and host for next year's meeting, by the efforts of provincial governments, and by the major contribution made by three Canada-Japan Businessmen's Conferences to relations between private sectors. This last activity will continue to have the Government's fullest support because, in the final analysis, it is the private sector which makes the relationship work.

One major influence on the bilateral relationship in the years ahead will be our shared interest in the evolving Pacific community, though the exact ramifications of this will not be clear for some time. Indeed, we are just beginning seriously to re-examine our own interests in the Pacific and inter-relate them with those of our Pacific neighbours. One manifestation of this re-examination is the "Pacific Rim Opportunities Conference" being organized by the Government in Vancouver next month.

Nonetheless, we can predict some general implications for Canada-Japan relations. On the positive side, there will likely be increased opportunities for co-operative arrangements with Japanese firms in third countries where Canadian capital, skills and technologies -- particularly in resource development -- might be required. For example, Indonesia has recently awarded a major contract to a Canadian-Japanese venture to build an 800 megawatt electrical utility. Canadian firms could also work on their own in Pacific countries to meet Japanese needs.

Other effects may pose challenges of a different kind. The remarkable growth in ASEAN\* countries and recent resource developments in Australia have increased competition for Canada in Japan both as a market for raw and semi-processed goods and as a source of investment funds in the resource field. This seems certain to continue. There is also likely to be increased pressure on Canadian enterprises from low-cost manufacturing facilities established in developing Pacific countries in whole or in part by Japanese firms.

These and other implications need to be identified and responses developed to maximize the benefits for Canada and Japan within an increasingly complex and dynamic Pacific regional economy. This seminar will, I know, be an important contribution to this process.

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\*Association of South East Asian Nations.