

co-operation on the G-7 Summit and within APEC; arranging a Japanese government Tourism Mission to Canada last September and holding a symposium on the Stewardship of the Environment initiative for the North Pacific in Vancouver in March.

We wish to build upon these successes, and in this regard I understand a meeting of the two advisory groups will be held this September in Vancouver and I am confident they will continue to expand opportunities for fruitful co-operation.

The Canadian Domestic Scene

These are interesting political times for Canada.

Our government was elected on a firm commitment to and mandate of economic growth and job creation. We know that exports and foreign direct investment will have an important role to play in this strategy. As I said earlier, Canada's Action Plan reflects our determination to promote our country's business ties with Japan.

We also know that strong fiscal management and political stability are essential to attract foreign direct investment. A strong economy is the key to a strong society. In this regard, we are gratified by the recent outlook of the OECD that suggests that Canadian growth levels in the years ahead will lead the G-7. The fact that we have managed to maintain growth levels while containing inflation and increasing productivity underlines the attractiveness of Canada as a base for investment in North America.

A number of other indicators also point to a strengthening Canadian economy. Economic growth has gained momentum over the last year, fuelled by exports and consumer spending. In fact, the recent strength of employment growth and consumer confidence suggest that the expansion is taking hold. Employment increased 178 000 since January and is now approaching pre-recession levels. Growth momentum is stronger than expected so far in 1994. Despite the rise in interest rates, real growth in 1994 will likely be stronger than the three per cent predicted in the budget. Meanwhile, inflation remains at record lows, and the Government remains firmly committed to fiscal responsibility. We are on track to achieving a reduction of the deficit to three per cent of GDP [Gross Domestic Product] in three years. Our ultimate goal, of course, is still the elimination of the deficit.

I know there are foreign investors concerned by the political situation in Canada. Investors should not be worried every time a provincial election is called in Quebec, especially when polls suggest that people in Quebec would choose to stay in Canada.