

Pursuit of a more activist foreign policy by the Hosokawa administration was constrained by the alliance with the Socialists, whose policies remain far to the left. Although the Socialists have left the coalition, Prime Minister Hata is not in a position to pursue the peacekeeping issue while leading a minority government.

HOW WILL CHANGES IN JAPAN AFFECT CANADA?

Linked as we are to the USA, inevitably Canada will be affected by whatever happens in the Japan-USA relationship. The stakes are very high because of the huge trade imbalance and the economic friction between the two countries. We will need to monitor closely the fall-out from deterioration in the Japan-US relationship to protect our interests.

As the Japanese government follows through on its actions to open up its domestic markets, there could be new opportunities for Canadian exporters. The process is difficult for Prime Minister Hata as it was for Hosokawa, particularly as elements of the bureaucracy and/or the business world resist. The key for Canada is to monitor the effects of deregulation on particular sectors and determine how Canadians might best draw benefits from these changes. In the final analysis, the Canadian government should be supportive of political change in Japan and view it as a potential opportunity for Canada.