

— bureaucratic guidance that fostered the industrialization of Japan, but has little or no place in a modern market economy.

Second, liberalization should lead to expanded domestic demand, lower consumer prices, increased disposable income and new investment opportunities. Third, liberalization should improve the transparency of Japan's markets and business practices and thereby ease international trade tensions.

These changes are radical changes. We know there is opposition from vested interests in Japan, and that the uncertainty of the political environment constrains policy initiatives. But there is no turning back. Japan's previously complacent consumers have become more keenly price-sensitive and more impatient for change.

The private sector in Japan is also beginning to reinforce the trend toward liberalization, citing the high cost of regulatory compliance and astronomical prices for land, energy and distribution. Canada and other foreign countries can only benefit from such developments.

It is true that access barriers to trade continue to exist in Japan, but we are dealing with them in a concerted manner at both the bilateral and the multilateral level. We continue to pursue a rules-based approach as opposed to any specific targeting of export volumes.

For example, on his recent visit to Japan, my colleague the Minister of Industry signed a joint agreement with the Japanese Minister of Construction that will lead to mutual recognition of test data for construction materials — an agreement that will eliminate costly duplication of testing, evaluation and certification procedures. At the same time, implementation of the results of the Uruguay Round will improve access conditions in many sectors. And we will continue to work with Japan to push our trade liberalization efforts even further, through, for example, meetings of the Quadrilateral Trade Ministers group, and trade initiatives in the context of the G-7.

Yet perhaps the single greatest constraint on Canada's export potential is not demand-side barriers, but our own supply-side weaknesses. We are improving our performance in supplying growing Japanese demands for value-added, labour-saving, price-competitive imports, but an enormous task remains.

Our central challenge is to position ourselves to take advantage of the opportunities that the new Japan offers. Canada's Action Plan for Japan is central to our efforts. The Action Plan, first unveiled at a meeting of the Canada-Japan Business Committee in 1993, responded to one of the key recommendations of the Canada-Japan Forum 2000 report, which called for greater Canadian awareness of business opportunities in Japan.