

Canada — Japan Relations

Japan is the Western world's second greatest economic power, and Canada's largest export market after the United States. Canadian exports to Japan in 1987 increased by \$1 billion (19 per cent) to reach a total of \$7 billion, concentrated in energy, minerals, agriculture, fisheries, and forest products. The economic recovery in Japan was the result of strong growth in domestic demand, combined with rapid appreciation of the yen. This recovery fueled a resurgence in Canadian exports. Currency realignments and Japan's large capital surpluses have encouraged many Japanese manufacturers to invest in foreign markets. In 1987, total Japanese direct investment in Canada reached an estimated \$3.8 billion with portfolio investment in excess of \$35 billion. Japanese tourism to Canada has increased by more than 30 per cent in each of the past two years. Canadians are focusing more attention and resources on cooperation with Japan in the acquisition and application of technology.

In recognition of Japan's increased international role, Canada has expanded markedly its bilateral relations in the areas of economic, cultural, political and other exchanges.

JAPAN 1987 SUMMARY OF ECONOMIC INDICATORS

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| Growth of Real GDP/GNP | 4.2% |
| Growth of Employment | 0.7% |
| Unemployment Rate | 2.8% |
| Growth of Consumer Price Index | -0.2% |
| Total Merchandise Trade (exports plus imports) as a percentage of Nominal GDP/GNP | 14.8% |
| Central Government Fiscal Deficit (as a percentage of GDP/GNP) | 3.0% |
| Current Account Balance (billions of U.S. dollars) | 86.7 |
| Nominal Trade Balance (billions of U.S. dollars) | 96.5 |
| Total GDP/GNP per Capita (current U.S. dollars) | 19,250 |
| Total Trade per Capita (current U.S. dollars) | 3,128 |