

## CANADA-JAPAN TRADE RELATIONS

Japan is Canada's largest trading partner after the U.S., and exceeds the importance of Canada's three biggest European summit partners combined. The overall trading relationship is generally harmonious. The volume of trade has more than doubled since 1985 and has been diversifying in its composition.

In 1993, Canada's exports to Japan amounted to \$8.4 billion, an increase of \$1 billion from 1992, almost reaching the peak reached in 1989. Canadian imports from Japan stayed constant at \$10.7 billion, leaving a deficit of \$3.3 billion.

While higher lumber prices have certainly been a factor in this recovery, it has been clear for some time that long term opportunities for Canada's lesser-processed, traditional exports will remain flat or decrease. This is a result of a shift in the Japanese market that is leading to a greater proportion of their imports being composed of "value-added" products.

Canadian imports from Japan have been dominated by automobiles, machinery and electronic equipment. These categories accounted for 80% of total Canadian imports from Japan.

In the Canadian Government's focus on Japan, the main objectives of our trade and industrial development program are:

- 1) to protect and expand Canada's market share of resource products;
- 2) to take advantage of the changing market and increase sales of Canadian value-added products and fully manufactured goods;
- 3) to provide Canadian industry with access to Japanese production and product technologies to improve its competitiveness; and
- 4) to stimulate Japanese investment in the Canadian manufacturing sector.

Many Canadian companies are experiencing real success in the Japanese market, especially in the growth sectors such as building products, processed foods, fisheries, tourism, auto parts, information technologies and aerospace. More firms need to do the same. Business must take advantage of Japan's changing import needs if it is to participate in the growth segments of the market.

Representatives of Canada's business community have recognized this imperative and have been working with the federal and provincial governments to develop "Action Plans" in the seven priority sectors.

These plans together constitute the Canadian Action Plan for Japan: an integrated effort on the part of all federal and provincial governments in support of clearly articulated private-sector strategies for realizing our potential in the high growth sectors.