

More precisely, we hope to begin with the Japanese Government, in the next few months, a multi-phased exploration of potential areas of bilateral economic and industrial co-operation between our two countries. In the first phase, officials will indentify the industries which should be given priority in a programme of bilateral industrial co-operation, either because they correspond to the national priorities of one or the other country, or else because they are the areas where Canada-Japanese co-operation is likely to be the most promising. The second phase would consist of in-depth examination of those priority areas; after which specific plans and projects could be worked out, taking into account the capabilities and requirements of both countries, in close co-ordination with the Japanese and Canadian private sectors.

I should stress, in this respect that although governments would of necessity initiate, stimulate and facilitate the process, actual co-operation could only be achieved through the active involvement of Japanese and Canadian industrial concerns and trading houses. Industrial co-operation would be fruitless if it remained an abstraction: it must lead to bilateral investments, exchanges of technology and inter-corporate relationships -- particularly joint ventures -- between Japan and Canada.

In our view, the potential benefits of such co-operation are enormous. But of course it will take time for them to materialize, and too many short cuts could well lead to failure. In a sense, what we must do is to knit, stitch by stitch, the optimal interface between the Japanese and Canadian industrial structures; and to miss a stitch would weaken the whole fabric. Regular contacts, meetings, discussions between officials, industrial planners, businessmen, financiers of the two countries will take time; no matter how well prepared, we cannot hope that they will result at the outset in the negotiation of concrete agreements. But we must be prepared to "invest" right now in contacts of this nature, if we want to reap the benefits of industrial co-operation in the near future.

In conclusion, I should like to comment briefly on two of the major difficulties that we will have to overcome in order to develop a programme of mutually beneficial industrial co-operation between our two countries.

The first has to do with our somewhat different patterns of economic development. Japan was in the past a traditionally protectionist economy which has undergone a process of liberalization; Canada was a traditionally liberal economy which has felt the need, in recent years -- not to become protectionist, but rather to acquire a number of new instruments