

And Japan's importance to Canada extends far beyond those figures. The reason is clear: Japan is at the centre of the most dynamic region on earth -- Asia-Pacific.

With a population nearing two billion, an aggregate gross national income twice that of the European Community and growing rapidly, and as the source of nearly 30 percent of global trade, the Asia-Pacific region has become an economic powerhouse of vital importance to the world and to Canada.

Japan is at the heart of this region, and that's why it is so important for Canada to have a close working relationship with that country.

The challenge we face with respect to Japan -- how to maintain and expand our economic, industrial, and cultural links during a period of rapid change -- is the same challenge we face for the entire Asia-Pacific region. And it is a challenge that the Industrial Co-operation Forum will help us to meet.

I think we know what the challenges are for Canada in building its links with Japan. They were well articulated in the Canada-Japan Forum 2000 report presented to the Japanese and Canadian prime ministers by the co-chairmen, Mr. Yoshio Okawara and the Honourable Peter Lougheed, last December.

Let me quote just one paragraph from that report, which gets at the root of the challenge both sides need to address:

We believe that co-operation potential far exceeds what actually exists, and has perhaps been inhibited by outdated stereotypes of our two countries.... Neither stereotype acknowledges the way in which the Japanese economy is evolving or the existence in Canada of intellectual and entrepreneurial resources capable of high levels of value-added on commercial technology-based activities.

I am happy to say that even in the 10 months since that report was written, much has been done to break down those stereotypes, to strengthen our mutual understanding and co-operation.

On the trade side, the key development, of course, has been the development of a Canadian Action Plan for Japan, launched in May of this year by my predecessor, Michael Wilson. We have brought copies of it here today.

The Action Plan recognizes that while Canadians must maintain our traditional exports to Japan -- lumber, coal, wood pulp, copper ore, and bulk foods -- future growth and development will depend on how well we adapt to the new demands of the Japanese market for value-added products.