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the trade "mix" is beginning to change. Japan is slowly growing more appreciative of Canada's sophistication and quality as a trading partner. Canadian technological achievements — as the first country in the world to design, manufacture and employ a domestic communications satellite and a highly-efficient heavy-water nuclear-reactor system, and as a world leader in STOL aircraft systems — are receiving greater attention and recognition in Japan. Intensive investigation of the possibilities for co-operation in aerospace and nuclear power is already under way, while Canadian firms have sold to Japan a variety of manufactured items, including aircraft, automotive parts and service equipment, restaurant equipment, electronics, sonars for fishing and computer terminals.

I understand that several members of the Makita Mission, a group of nine senior Japanese industrialists who visited Canada last fall, expressed concern that Canada might link its efforts to upgrade the percentage of manufactured goods sold to Japan with the continued availability of raw materials. I want to stress that this linkage is not part of Canadian policy. Canada wants to sell manufactured goods to Japan, as we do to other major industrialized countries, but I should emphasize that we do not expect Japanese companies to purchase such goods unless they are competitive. I also value our existing trade in resources and agricultural products and look forward to continued growth in this area as well.

Another dimension to the future of our economic relationship relates to investment. Forecasts indicate that Japan will greatly increase its investment abroad. Canada's development has required, and will continue to require, foreign investment. Though the quantity is still relatively small from the Canadian perspective, Canada has been an important recipient of Japanese capital in increasingly-diverse fields (\$500 million in 287-projects). As well, the Japanese have been sensitive to ensure that their investments in Canada are welcome. These capital flows have tended to be structured in a fashion that reflects the interests of the host country, emphasizing joint ventures and the use of loans as well as equity. However, I think that there are opportunities for additional investment that would be of benefit both to Canada and to the Japanese investor, and I can assure you that this would certainly be welcome.

I am aware that some concern has been raised about the investment climate in Canada. In response, I would point to the substantial continuing investment in Canada from other countries that reflects their appreciation that Canada remains an attractive place in which to invest, something which I understand a leading Japanese business magazine has itself pointed out as a result of a recent survey. Canada is going through a difficult period and there is concern within the country as well as abroad about the evolution of Canadian federalism. Let me assure you that the solution of this debate will not in any substantial way alter the fundamental soundness of my country. In 110 years Canada has been confronted with many challenges, and it has always overcome them in a reasonable and democratic way. I fully expect that Canada will come out of this debate stronger and more united than ever.

One point I have touched upon earlier is the need for Canadian businessmen to increase contacts with their Japanese counterparts. I have mentioned some of the activity our two governments have initiated to facilitate such contacts. Much has been

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