

ASIA AND THE PACIFIC

- The region is growing rapidly in economic importance. Its growth projections exceed the most optimistic estimates for the OECD countries.
- Japan is the world's leading exporter of capital and second largest free-market economy. It is a major player in international economic forums. In many fields, Japanese firms are at the leading edge of technological development and, to a great extent, set the standards for international competitiveness.
- Regional economic dynamism is fuelled not only by Japan but also by other innovative and competitive countries (e.g. Republic of Korea, Hong Kong, Singapore). Chinese economic reforms also point toward an expanded Chinese role in the international marketplace.
- Regional economic integration is not well advanced, but the Association of Southeast Asian Nations (ASEAN) is significant as an expression of common political purpose. It also embodies a deep attachment to trade liberalization.
- The Asia-Pacific region is also of growing strategic importance. Japan is beginning to play an international role more in keeping with its economic superpower status and strategic location. China, a nuclear weapons state with superpower potential, is reopening its contacts with the West. India is a powerful leader of the Non-Aligned Movement.
- There are areas of continuing instability; notably the Korean Peninsula, Kampuchea, the Philippines, Sri Lanka and Afghanistan.

Canadian Dimensions

- The political stability and economic progress of the countries of Asia and the Pacific affect our own well-being and a growing number of Canadians are taking a direct interest in the region.
- There has been remarkable growth in our trans-Pacific trade and immigration.
- Japan is Canada's second-largest trading partner and offers excellent opportunities for increased trade, investment and technology flows. In 1984, two-way

trade totalled \$11.4 billion. But our export mix needs to be improved. In 1983, fabricated and end-products constituted only 34.8% of our exports to Japan.

- The growth in our raw material exports to Japan is challenged by materials-saving technology, competition from other producers and restructuring of Japanese industry away from raw-materials and energy-intensive sectors towards high technology, particularly the electronic/information sectors.
- Protectionism in Japan, for example in such areas as agriculture and forestry, and Japanese competition in Canada and in third markets continue to be problems for Canadian producers.
- The dynamism of the regional NICs will offer new trade and investment opportunities for Canada. Opportunities are also opening up in China as the Chinese economy develops and establishes broader links with the West. India and Pakistan represent a potentially vast market.
- Canadian political/security interests in the region are increasing steadily.
- We share a profound community of interest, and close ties of culture and kinship with Australia and New Zealand. We also have increasingly important security interests in common with Japan.
- Our economic and political presence in South and South-East Asia is supported by a well established and highly regarded development assistance program, notably in India, Pakistan, Bangladesh, Sri Lanka, ASEAN and China.

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- We have 18 diplomatic, trade and consular offices in Asia and the Pacific.