

The global political and economic situation has undergone major changes between the end of World War II and today. However, there has been no change whatsoever in the supremacy and legitimacy of freedom and democracy and in our pursuit of these cultural and political values.

Recognizing this, Japan has established as fundamental policy the maintenance of our peaceful and stable society on the basis of political and economic co-operation and solidarity among the countries of North America, Western Europe and Japan, which share common values. Together, these three regions account for half of the world's economic production. We form the backbone of the Free World. Today, as the world is beset politically and economically with increasingly complex difficulties, it is all the more essential that we maintain our trilateral co-operation and unity among the three regions. We need this in order to cope effectively with the problems confronting us, such as, promotion of peace and disarmament, revitalization of the world economy, and meeting the problems of the developing countries.

The seven-nation summit meeting of industrialized democracies is an important forum for our trilateral co-operation. Japan is determined to continue to contribute as positively as it can to our trilateral solidarity while placing our main emphasis on the summit.

The third point of our policy concerns development and prosperity.

[*Translation*]

Since the end of the last war, world economic growth has brought considerable benefits to people the world over, starting with an increase in our collective well-being. We have a duty to consolidate and further develop this economic progress in order to help meet the growing needs of the countries of this world. To achieve this, we urgently need to defend the international system of free trade. However, the free trade system is as fragile as glass, and a recent wave of protectionism is giving increasing cause for concern. I maintain that if we let these protectionist tendencies develop any further, they may lead to a collapse of the economic order we enjoy today.

[*English*]

To defend and promote free trade, Japan has been implementing a series of programs to increase market access, including the reduction or elimination of tariffs, without seeking reciprocal action by our trading partners. These initiatives are aimed at achieving a degree of market openness unparalleled elsewhere. At the same time, we are redoubling our efforts for the promotion of a new round of multilateral trade negotiations within the GATT framework. I intend to join hands and march forward with Canada, which shares our belief in free trade, as we forcefully promote the new round.

It is argued that there is no way to avoid the pitfalls of protectionism other than to vitalize domestic industries and improve their competitiveness. Structural changes in our industrial and economic fabric would be specially conducive to

defending free trade. These changes may be brought about through the promotion of scientific and technological innovations that may attract private sector vitality, and by the ensuing transfers of technology and structural adjustment. On the part of Japan, we are taking bold steps to expand domestic demand and are also in the process of tackling fundamental adjustments in our domestic economic structure in the interest of international harmony.

In the world economy as a whole, the advanced industrial countries and the developing countries are the two wheels, without either of which we cannot drive forward to achieve further development. This is why co-operation with developing countries to advance their economies and their welfare constitutes one of the important objectives of Japan's national policy. In this regard, I pay homage to the fact that Canada started its assistance to developing countries as early as 1950. For my own part, I have advocated, ever since my assumption of office as Prime Minister, that there can be no prosperity for the North without prosperity for the South, and have appealed for greater assistance toward the developing world. Japan has already planned and implemented two consecutive programs to double its Official Development Assistance, ODA. On the heels of the successful attainment of these goals, we have recently decided, despite stringent budgetary conditions, upon a new set of policy goals with the twin objectives of raising the total amount of our ODA for the seven years from 1986 through to 1992 to over \$40 billion, and of making the disbursement level for 1992 double that for 1985. This new program will enable Japan to continue to expand its ODA, which today ranks in value second only to the United States among the free nations of the world.

I should add that what is noteworthy about the developing world these days is that we are increasingly required to fine-tune our assistance to meet the varying needs that reflect different conditions and stages of development in each country. Japan attaches particular importance to co-operation in human resources development, assigning priority to dispatching experts and Japan Overseas Co-operation Volunteers, and accepting trainees in Japanese companies.

Ladies and Gentlemen, with these policies of Japan in mind, I should like next to state my views on future co-operation between Japan and Canada.

Thirty years ago, in 1955, I visited Canada as a member of the Japanese Diet. I saw industrial facilities in Ontario and Quebec, as well as the innovative heavy reactor at Chalk River. I was struck and amazed by the high level of your industrial technologies, and entertained great hopes for the expansion of economic interchanges between our two countries.

Since then, Japan and Canada have succeeded in expanding the value of their two-way trade by about 100 times, due, in part, to our mutually complementary trade structure. Further, our bilateral economic interchanges have continued to intensify in a broad range of areas including investment and industrial co-operation. Today, each of us is indispensable to the other.