

and Procter and Gamble, have awarded North American or global mandates to their Canadian subsidiaries.

Recent investment decisions by Japanese firms show that they also appreciate these developments. For example, Toyota has begun a \$600 million expansion of its operations in Canada. A number of other Japanese companies have also made important investments in Canada recently, including NKK, NEC, Mitsui, Mitsubishi Materials, Sumitomo, NTN, Kao, Omron, Moli Energy, Makita, Sakai Spice, Honda, among others.

But the picture could still be better. Despite Canada's attractiveness, Japanese investment in Canada is significantly less than that in the United States, even taking into account the differing sizes of our economies.

Therefore, I encourage you and, through you, other Japanese firms to take a new and even harder look at what Canada has to offer.

Canada and Japan, as members of the G-7, partners in the Quad [Quadrilateral Trade Ministers' Meeting] and enthusiastic members of APEC [Asia-Pacific Economic Co-operation forum] have a strong common interest in promoting growth, expanding free trade and advancing the rule of international law.

In APEC, we are working closely with Japan - the chair of this year's APEC meetings in Osaka - to create a detailed work plan that responds with concrete action to our leaders' commitment in Bogor, Indonesia, last year. Canada's goal is to push for a broadening and deepening of our mutual commitments, and to ensure that the collective focus is outward and expansive. What emerges from the Osaka meetings will be of great consequence to Canada as we prepare to chair APEC in 1997.

We also share with Japan the basic commitment to develop a strong, effective, rules-based, multilateral trading system centred on the World Trade Organization [WTO]. Our mutual interest in the smooth functioning and respect for the WTO was never more evident than during the recent Japan-U.S. bilateral negotiations on autos. During that period, Canada made it clear that unilateral measures would threaten the stability of the multilateral trading system. At the same time, we stressed - along with Japan's other major trading partners - that the solution must be found in true market-opening in Japan where the key element must be effective and far-reaching deregulation.

Some observers in Japan argue that pressure to deregulate should ease in the current climate of stagnation. Yet we believe that exactly the opposite is true.

Only through effective, far-reaching deregulation will Japan stimulate the necessary domestic demand - particularly demand from