

VISITED CANADA LAST FALL, EXPRESSED CONCERN THAT CANADA MAY 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 DIFFERENT 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 WHICH 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 WHICH WOULD BE OF BENEFIT BOTH TO CANADA AND TO THE JAPANESE INVESTOR AND I CAN ASSURE YOU THAT THIS WOULD CERTAINLY BE WELCOME.