

increasing. Japan is now the fifth largest foreign direct investor in this country. The stock of Japanese direct investment in Canada rose from \$275 million (Cdn) in 1975 to \$1.7 billion (Cdn) in 1984. This represents an average annual growth of 23 percent -- a very encouraging growth rate by any standard.

A major industrial cooperation agreement between Japan and Canada also reflects a new interest in investments in manufacturing in Canada. In September, 1985, the Japanese Ministry of International Trade and Investment -- MITI -- and our Federal Department of Regional Industrial Expansion signed an agreement to facilitate joint ventures between Japanese and Canadian firms in advanced manufacturing technology, microelectronics and fine ceramics. This agreement has been so successful that it was expanded this year to include space technology and biotechnology. Another such agreement was signed this summer with Mitsubishi.

Certainly, there is already much progress being made to enhance our economic relationship with Japan. The momentum is there. to build on this momentum is the purpose of my trip to Japan next week. Let me outline very briefly some of the specific objectives of my trip.

First, I want to emphasize the importance Canada accords to its economic relationship with Japan. This fact was enunciated in the recent Speech from the Throne, which indicated that the Government of Canada will work vigorously to improve our stature as a trading nation with Japan and other Pacific Rim nations.

Second, I want to promote increased exports of Canadian manufactured goods, a subject raised by the Kanao mission, as I mentioned earlier. In recent months, we have seen a dramatic increase in sales of certain Canadian products, such as processed food, due, in part, to a revalued yen. This is an area in which I firmly believe Canadian exporters can achieve greater success.

Third, because trade and investment are so interdependent, I shall use the two investment seminars I will attend to promote an increased flow of Japanese technology and capital to this country. I intend to focus attention specifically on the development of greater industrial cooperation between Canada and Japan.

I look forward to this upcoming trip to Japan as an exciting opportunity to promote an increase in Canada's economic participation in the Pacific Rim.

One thing I do want to make clear, however, is that Canada's interest in the Pacific Rim is by no means limited to Japan. China is our fifth largest export market and South Korea our seventh.