

To date, I have been focusing on Canada's continuing transformation into a global trader. But we also understand that Japan is currently undergoing an equally dramatic, if not even greater, change.

Currency rebalancing, the Maekawa report to spur industrial reform and the shift of certain manufacturing offshore are just some of the far-reaching and profound steps which are shifting your country from an export-oriented to a domestic demand-led economy - a transformation that is often under appreciated by your trade partners.

Our current bilateral relationship is large and growing, valued at some \$18 billion annually. However, I would suggest that our full potential lies in the changes taking place in both our countries.

Take, for example, our agricultural, fisheries and food products trade.

In the beef sector, your recent actions to liberalize trade means that Japan now represents the single largest export opportunity for Canadian producers. We intend to seize that opportunity; and fill a growing percentage of your needs.

We are encouraging the Japanese Government to open its market to imported fresh apples and baled hay which are presently denied access. These exports could be worth over \$400 million annually. We are hopeful that a technical solution can be found to overcome Japanese phytosanitary concerns.

Canadian sales in a wide variety of food sectors are soaring. Canada now ranks fifth as a food supplier to Japan. Our fishery exports are booming. Our french fried potatoes have captured 15% of the entire Japanese market. This year the sale of a startling range of Canadian food products - from bread mixes to bottled water - should demonstrate the opportunities available to Canadian exporters.

But we are excited about the opening of agricultural markets for another reason. For we believe that competitive food imports will reduce the proportion of income spent feeding a family in Japan.

That in turn will free up income for other uses, such as housing - goods that we can also supply competitively, if given the opportunity. In this regard, we remain concerned that our lumber exports to Japan face a discriminatory 8% tariff applied to spruce-pine-fir, dimension products given that other like