

supplier. In 1984 our exports to Japan were 70% of all of our exports to Western Europe.

In Japan there was a catch phrase in the early 1980's relating to the A B C countries. The initials stood for Australia, Brazil and Canada — the three countries regarded as the most dependable sources of raw materials for Japan's industry. Canada is pleased to be recognized as a long-term, secure and stable source for such products as coal, aluminum, lumber, wood pulp, copper and canola. Indeed, these commodities accounted for 95% of our export sales to Japan last year.

Canadian industry's commitment to the Japanese market is evident in the billions of dollars invested in plant and infrastructure to ensure our dependability. We are all aware of the substantial investments which have been made in the coal industry alone during the last 15 years.

It should be noted that these products have always left Canada without restriction or regulation. Commercial judgments and decisions have applied, and continue to apply, in these industries.

But the impact of Japan on the Canadian economy is far more than simply as a market for our export products.

In 1984 Japanese life insurance companies allocated 30% of their foreign securities holdings to Canada — second only to the United States, which got 35%. The investment in Canada worked out to \$7.2 billion. At the same time, Canadians have become increasingly active in the Tokyo syndicated loan market. Eight provinces made long-term arrangements last year alone.

Direct Japanese investment in Canada totals \$1.3 billion. Our share of Japan's direct investment abroad, however, is not as high as it might be. It's 2.3%, as against 27% in the U.S.A and 5% in Australia. My Government is

encouraged, of course, that many new plans for investment from Japan have been announced since the proclamation of the Investment Canada Act. One affect of this new legislation has been to make the Canadian market more accessible to Japanese companies.

Canada is presenting a freer business environment in other ways, as well. The changes we have made in the National Energy Policy are very important. Over the past year we have constructed an energy policy framework that will meet our goal of economic renewal. Of particular importance are two energy accords, one for eastern Canada and one for the west.

The Western Accord, reached with the provinces of British Columbia, Alberta and Saskatchewan, frees the forces of the marketplace and is especially interesting to the Japanese business community. The Western Accord is a new and fairer approach to doing business and a new approach to government. It provides a fairer fiscal regime for the industry and invites participation by Japanese companies. We are particularly interested in the Western Liquid Natural Gas Project and possible participation by the Japanese National Oil Company in the oil sands and frontier exploration.

Oil leads rather naturally to automobiles, and Canadians do have a certain enthusiasm for Japanese cars. I can tell you that our two governments have confirmed their understanding with respect to the export of Japanese automotive products to Canada. The Japanese have agreed to avoid disruption of the Canadian market, on the understanding that their exports be allowed to grow in a manner consistent with the total growth of the Canadian market. As a result of our understanding, we expect that Japanese exports will be about 18% of the anticipated market for 1985.

For our part, we seek to take full advantage of Japanese Government initi-