

Mr. Regan stated that, "the resource sectors will probably continue to account for an important portion of Canada's exports to Japan during the 1980s". In the case of coal, Canada expects its exports of thermal coal to Japan to increase tenfold by 1995, and of metallurgical coal to nearly double by 1985. As Japan adjusts its production in its energy-intensive industries such as aluminum, zinc and ferro-silicon, new opportunities should be created for greater value-added metal exports.

The restructuring of the petrochemical sector in Japan, and the development by Canada of a world-scale petrochemical industry, could open the door for Canada to export significant volumes of primary and intermediate petrochemical products. Similarly, as Japan restructures its domestic pulp and paper industry, opportunities should exist for Canadian exports of paper products such as lightweight newsprint. The expansion of the Canadian platform frame (2 X 4) system of residential construction in Japan should create opportunities for exports of Canadian softwood lumber and plywood.

Reforms in the agricultural sector in Japan may open up opportunities for Canadian food product sales, since more processed items are expected to be imported from abroad. Fisheries will continue to be a sector of growing export importance.

A key Canadian priority will be to increase Canadian exports of fully manufactured products. In 1981, fully manufactured products had a value of \$181 million, representing only 4 per cent of Canada's total exports to Japan. In certain consumer commodities like furs, sporting goods/sportswear, jewellery, and floor coverings and in certain specialized industrial goods (e.g. health care products, instrumentation, aerospace), some progress has been made. Penetration of the Japanese markets for auto parts, ocean industries, telecommunications and other equipment for the electronics sector, has been modest to date. Mr. Regan indicated that, "it is essential from our perspective that Canada increase its exports of innovative, high quality manufactured products to Japan. Canadian companies should find success in Japan when they approach that market with world-competitive and high quality products which they are prepared to back up with on-going sales and service."