

ASIA AND THE PACIFIC

Links between Canada and Asia Pacific continue to expand and strengthen. Canada's presence in the area has been firmly established for many years through development and humanitarian assistance programs, immigration, trade and investment, as well as through the Commonwealth. Today, Asia is a larger market for Canada than all of Europe; Japan alone is a larger market for Canada than the U.K., France and Germany combined. More than ever before, Canada's future prosperity is tied to Asia Pacific.

The region is important not only to Canada, but also to the entire world. By the turn of the century, the "four tigers" of Korea, Hong Kong, Singapore and Taiwan are likely to achieve European levels of industrialization with higher economic growth rates than any of the Organization for Economic Cooperation and Development (OECD) countries. The region enjoys average annual GNP growth rates of 7 percent; already 11 of the fastest growing economies of the world are Asian.

The area generates over 25 percent of the world's gross national product. It is home to 60 percent of the world's population, and it is already the source of 21 percent of the world's trade. By the year 2000, Asia Pacific will contain over 70 percent of the world's population, produce over 40 percent of the world's goods and consume over 40 percent of the world's production.

JAPAN

Japan is Canada's largest trading partner after the U.S. In 1990, Canada's exports to Japan amounted to \$8.17 billion, while imports from Japan declined slightly to \$9.52 billion, leaving a deficit of \$1.35 billion.

Japanese direct investment in Canada continues to grow and in 1990 passed \$4.4 billion. Japanese portfolio investment in Canada, mostly in the form of government bonds, exceeds \$46 billion.

Almost 475 000 Japanese tourists visited Canada in 1990.

To support this important trading relationship, there were a number of significant visits during the year:

- Mr. Crosbie met with the Minister of International Trade and Industry, Kabun Muto, on May 3, 1990, and raised the issue of Japan's tariff on dimension lumber of spruce, pine and fir, as well as trade negotiations between the United States and Japan.

- The annual conference of the Canada-Japan Business Committee was held in Hiroshima, May 13-16.
- Mr. Clark launched the North Pacific Cooperative Security Dialogue at the annual Foreign Ministers' Consultations in Japan, where he met with Japanese Foreign Minister Taro Nakayama.
- The ninth Canada-Japan Joint Economic Committee held highly successful meetings in Vancouver chaired by the Deputy Minister for International Trade and the Japanese Vice-Minister for Foreign Affairs.
- The Minister of Finance visited Tokyo in November 1990 to meet with senior representatives of the major Japanese financial institutions.
- The Department led round table discussions to assess Canada's efforts to attract Japanese direct investment.

In addition, Governor General and Mrs. Ramon Hnatyshyn visited Japan in November 1990 to attend the enthronement ceremonies of Emperor Akihito.

KOREA

Korea remains Canada's fifth-largest trading partner worldwide, with total bilateral trade in 1990 exceeding \$3.8 billion. Although total exports to Korea were slightly less than the \$1.55 billion recorded in 1989, Canada's 1990 trade deficit with Korea declined by 11 percent from the previous year.

Mr. Clark's visit to Seoul in September 1990 was the first by a Canadian foreign minister since 1975 and reinforced the growing pattern of contacts and cooperation.

HONG KONG

The Hong Kong economy is almost totally dependent on trade. Hong Kong is the world's twelfth largest import market. In 1990, Canada's two-way trade with Hong Kong amounted to \$1.7 billion.

Hong Kong is one of the world's most important financial centres and an important source of investment for Canada. In 1990, the total flow of Hong Kong investment to Canada was estimated at \$4 billion.

Trade fairs and investment seminars sponsored by the Department promoted the Canadian airport industry, telecommunication and information technologies and processed goods.