

The major focus of Investment Canada, during its first year of operation, has been to change negative perceptions of Canada as a location and a partner for business and investment. Much of the agency's time has been spent on promoting the kind of "new Canada" to which Mr. Kanao referred during his recent visit.

The NEP has been dismantled, oil and gas prices have been deregulated and we have introduced a market-oriented policy that limits government intervention and allows business to balance its risks with rewards.

We are working with real determination to break down two other obstacles that stand in the way of our reaching our economic potential -- the federal deficit and barriers that impede our trade relations with the United States and our other GATT partners.

With initiatives such as these, the government is redesigning Canada's economic environment, building the "new Canada" that the Kanao mission saw in October. Canada's business climate is now more open, positive and dynamic.

By seizing opportunities, we are creating opportunities. The major economic initiatives of the Federal Government clearly demonstrate this fact: business opportunities in this country have never been better. In fact, Investment Canada is forecasting that the growth rate of our GNP this year will outpace even that of Japan.

The Japanese are taking advantage of this "new Canada". They know a good opportunity when they see one. The Japan external trade organization -- JETRO -- has established centres for industrial and technological cooperation abroad, including one in Toronto. And seven Japanese banks are now established in this country. These actions reflect and renewed confidence and interest in Canada among Japanese traders and investors.

Recent increases in Japanese trade with, and investment in, Canada also demonstrate this renewed confidence and interest. The facts speak for themselves.

While the amount of two-way trade between Japan and Canada is overshadowed by trade between the U.S. and Canada, it is increasing. In 1983, trade between Japan and Canada totalled \$9.13 billion (Cdn). By 1985, the total increased to \$11.8 billion (Cdn). This represents an average annual increase of 13.1 percent over those three years. It is interesting to note that the growth of Canada-Japan trade is keeping pace in recent years with that of our other most important trading partners.

Japan is our second largest export market, a market upon which 100,000 Canadian jobs depend. Japan has become the world's largest net exporter of capital.

Japanese foreign direct investment in Canada is also