

To be frank, I think the Japanese side might consider more intensive image-building in Canada. It is interesting to note for example the massive impact that the television movie *Shogun* has had on the North American perception of Japan. I am not suggesting efforts on a similar scale, but I am saying that Canadians generally would probably be very receptive to and fascinated by better opportunities to learn more about Japan and the Japanese way of life.

This wider and better perception of Japan in Canada, and of Canada in Japan, is essential if governments and private sectors are to have public support for the policies and activities needed to improve and change the shape of our relationship. Canada hopes this evolution will result in a more complex complementarity of interests which reflect Canada's industrial development priorities in the manufacturing and high-technology areas while building on traditional trade and co-operation in the resources area, *inter alia*, through more upgrading and further processing in Canada.

In all sectors, trends are moving in this direction. The energy factor is the most prominent. Not only does Japan need those energy resources which we are prepared to export, but Canada offers locations close to energy sources for the establishment of joint ventures in energy-intensive and other industries. The future growth of a Canadian industrial and manufacturing structure based on our massive resource base also offers considerable scope for traders and investors. The need for increasing and stable supplies of foodstuffs should expand activities in the agriculture and fisheries sectors, including co-operation in the up-grading of food products.

If certain economic trends appear conducive to positive development, there are also non-economic elements serving as important catalysts. As I have said, the Japanese appear more aware of Canada and conscious of our interests than at any time in the recent past. A certain momentum has now been built up by missions and visits - particularly those of the late Prime Minister Ohira and of Mr. Gray, by our profile as a Summit partner and host for next year's meeting, by the efforts of provincial governments, and by the major contribution made by three Canada-Japan businessmen's conferences to relations between private sectors. This last activity will continue to have the government's fullest support because, in the final analysis, it is the private sector which makes the relationship work.

#### Shared interests

One major influence on the bilateral relationship in the years ahead will be our shared interest in the evolving Pacific community, though the exact ramifications of this will not be clear for some time. Indeed, we are just beginning seriously to re-examine our own interests in the Pacific and inter-relate them with those of our Pacific neighbours. One manifestation of this re-examination is the Pacific Rim Opportunities Conference being organized by the government in Vancouver next month.

Nonetheless, we can predict some general implications for Canada-Japan relations. On the positive side, there will probably be increased opportunities for co-operative arrangements with Japanese firms in third countries where Canadian capital, skills and technologies - particularly in resource development - might be required. For example, Indonesia has recently awarded a major contract to a Canadian-Japanese venture to build an 800-megawatt electrical utility. Canadian firms could also work