

CANADA-JAPAN RELATIONS

In 1989, Canada and Japan are celebrating the 60th anniversary of the establishment of diplomatic relations. Today the Canada-Japan relationship is active and vibrant, encompassing a wide range of contacts. Interests on both sides are pursued with vigour and, increasingly, with success. For Canada, strong and expanding links with Japan have become more and more significant in our efforts to build a healthy economy at home. Japanese finance, technology, and lifestyles have come to play a prominent role in our national life and, indeed, in the way we view the world beyond. In international affairs, Canada and Japan consult regularly on issues of peace and security, trade and economic policy.

In the past two years, Canadian exports to Japan have grown by 19 percent and 23 percent respectively, and reached \$8.7 billion in 1988. Japan is Canada's second largest market with total sales exceeding those of our four European Summit partners combined. Japanese business confidence in Canada is high, as indicated by portfolio investments of approximately \$35 billion, and direct investment flows which increased by \$1.3 billion in 1988, close to five times the level only five years ago. Japanese tourism in Canada has boomed, with increases of 25 to 30 percent in each of the last three years.

Despite these gains and the harmonious atmosphere of the overall relationship, there is a perception that its full potential has yet to be reached. In November 1986, the Canadian government adopted a strategy to provide leadership and co-ordination to assist the provinces, business and labour in pursuing their interests in Japan.

This strategy sought to build on the array of some 22 consultative mechanisms existing between Canada and Japan by heightening the profile of Canada in Japanese decision-making circles, by promoting Canada as an attractive destination for Japanese investment, by stimulating partnerships with Japan in the area of science and technology, and by pursuing more aggressively Canada's desire for improved access to Japanese markets. These goals have been supported by a range of parliamentary, cultural and academic links designed to enhance mutual awareness and communications with Japan.

The visit of Prime Minister Kaifu comes in the midst of a renewed Canadian drive to strengthen its political and economic relationships in the Asia-Pacific region, in particular with Japan. Under the umbrella of what Prime Minister Mulroney has called Pacific 2000, Canada is preparing to take some fundamental and concrete steps aimed at equipping Canadians for the challenges and complexities of the future.