

I am pleased to welcome you, Mr. Inaba, and your colleagues to Canada. I am delighted that you were able to accept the invitation I extended during my visit to Japan last spring. I congratulate the Japan Chamber of Commerce and Industry [JCCI] for organizing today's event and I thank you for including me in your program.

I am equally pleased to see among your guests representatives of many Canadian subsidiaries of Japanese companies and some of our leading Canadian companies with strong business ties to Japan. Given my personal commitment to the Canada-Japan relationship, I value the opportunity to exchange views with such a well-informed and influential audience.

The position paper prepared by the JCCI for this visit, *For The Further Development of Japanese-Canadian Relations*, recognizes that long-term prosperity is founded on partnerships.

Indeed, through partnerships, Canadian and Japanese companies can not only serve their own domestic markets more effectively, but they can penetrate third countries as well. Recent deals to supply power generating equipment in Thailand and Indonesia, and machinery and engineering equipment in China and Siberia demonstrate what can be achieved.

Greater business co-operation would be particularly appropriate in Southeast Asia, where Japanese companies have developed a significant presence and a skill for finding innovative ways of financing projects.

I applaud the efforts of many JCCI members, particularly the trading companies, to build partnerships with Canadian companies. I hope your discussions this afternoon with the Canadian Chamber of Commerce will lead to more of these essential relationships.

In the spirit of the Canada-Japan relationship, I'd like to share some frank thoughts on the current state and future direction of our trade and investment relations.

Canada and Japan have built a solid foundation. Two-way trade continues to gain momentum, surpassing \$20 billion last year. Canadian exports grew by \$1 billion for the second consecutive year. By conservative estimates, our sales to Japan this year could well exceed \$12 billion. This explosive growth comes from hard work and creative thinking on both sides of the Pacific.

One often hears of the changing patterns of Japanese investment, in particular the shift toward Asia. Yet, Japan continues to view Canada as a sound investment. No doubt that assessment is based on the strong fundamentals of our economy and its long-term prospects.

Canada led G-7 economic growth in 1994. Real gross domestic product grew 4.5 per cent - its strongest growth in five years. Record-level exports have been the main driving force behind this strong growth. Exports now represent more than one third of our total GDP.