

JAPAN

Official Name:	Japan
Capital:	Tokyo
Head of State:	His Imperial Majesty Emperor Akihito
Head of Government:	Prime Minister Morihiro Hosokawa
Deputy Prime Minister and Foreign Minister:	Tsutomu Hata
Minister of International Trade and Industry:	Hiroshi Kumagai

DOMESTIC SITUATION

After 38 years of Liberal Democratic Party rule in Japan, Prime Minister Hosokawa faces the daunting challenge of leading a seven-party coalition government through what promises to be a turbulent period in Japan's domestic politics. His mandate is no less than to reform Japan's electoral system, bring an end to "money politics," and shift the benefits of the Japanese economic miracle to the consumer.

Hosokawa has also vowed to carve out a more meaningful international role for the world's second largest economic power; Japan's interest in obtaining a permanent seat on an expanded United Nations Security Council is well-known, though there are problems arising from strict constitutional prohibitions against Japanese involvement in foreign military operations including UN peacekeeping.

Japan did not get off to a good start with the Clinton Administration: the Japan-U.S. relationship remains strained due to a huge trade imbalance (\$52 billion in Japan's favour), which neither side seems able to correct. This September, Japan and the U.S. began talks to establish a Framework for New Economic Partnership which will tackle the trade imbalance between the two countries, address a series of market access issues and identify areas for global co-operation. It will be in Canada's interest to monitor these talks very closely to ensure a bilateral deal does not harm either Canada's trade interests or the broader Multilateral Trade Negotiations in any way.

CANADIAN INTERESTS

i) Trade and Economic

Japan is Canada's second largest trading partner. Canadian exports reached \$7.5 billion in 1992, registering modest growth over the previous year but still down from the peaks of \$8.8 billion in 1988 and 1989. Imports from Japan amounted to \$10.8 billion in 1992.