



Minister for
International Trade

Ministre du
Commerce extérieur

STATEMENT DISCOURS

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Notes for a speech by
the Honourable Pat Carney,
Minister for International Trade,
to the Investment Seminar

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Canada

Mr. Chairman, Mr. Kanao, ladies and gentlemen: It is a distinct honour to address this distinguished forum of business leaders. It is a great pleasure to be in your dynamic country.

I am especially pleased to be in Osaka. I am impressed with its rich history as a commercial and financial centre. I am aware that a large number of Japan's leading enterprises started in your city. Every Canadian knows the names of companies and brands produced by firms headquartered here such as Sharp, Sanyo, Sumitomo and Matsushita.

Prime Minister Mulroney has asked me to convey his greetings and appreciation for the leadership of the Kankeiren in strengthening Canada-Japan relations and economic ties.

As you know, Prime Minister Mulroney is strongly committed to seeing our bilateral relationship develop to its full potential.

Our Government's statement of its priorities during the opening of the latest session of Parliament highlighted the importance of Japan. Subsequently, the Canadian Cabinet adopted a strategy intended to provide both leadership and coordination as government, business and labour sectors focus on Japan. This strategy is aimed at encouraging all levels of government and all segments of Canadian society to recognize that developing stronger ties between Canada and Japan will enhance our security, technological capabilities, and prosperity. We recognize, as national policy, that our future prosperity is tied to the Pacific and, in particular, to Japan.

I chose Japan as my first bilateral overseas trip as Minister for International Trade to demonstrate my commitment to strengthening our trade and investment relations.

In Canada today, we are committed to opening up the rules relating to both trade and investment. Thus, one of our first major economic initiatives was to establish Investment Canada whose role is to encourage and facilitate investment.

We moved quickly to limit government intervention. We moved to invigorate Canada's economic environment by creating a new business climate favouring entrepreneurship.

In this new spirit, the performance of our economy has improved markedly. Declining interest rates, moderate and stable inflation, and credible fiscal initiatives translated into real economic growth in 1985. Price increases in the first half of 1986 continue to be moderate. Current wage settlements are reasonable, about 3.5%, which augurs well for future cost pressures.

In this environment, Canadian firms are being pushed, and pushed hard, to be creative in technology and management practices in order to compete internationally.

Canadian labour is responding to these innovations. Our work stoppages are down. Productivity has increased. And major labour relations issues are being addressed in a positive manner. Innovation in the form of new machinery and methods is being accepted by Canadian labour and management as essential for the growth of productivity.

Canadian productivity is more than keeping pace with other industrialized countries. Since 1983 productivity has increased at a greater rate in Canada than in the USA and a number of European countries (UK, West Germany, France, Italy).

Our economic policies are having a sizeable impact; for example, in the first quarter of 1986 Canada recorded a net inflow of \$1.1 billion worth of foreign direct investment which is a record for my country during a single quarter.

Furthermore, the OECD reported in August that Canada's output growth over the past 18 months had been highest in the OECD countries, exceeding even the predictions of optimistic forecasters.

Canada and Japan share concern about the growth of protectionism worldwide and the U.S. market in particular. Barriers to trade are, quite simply, barriers to business.

Canada wants a better, more certain trading arrangement with the United States. We believe that the largest trading relationship in the world warrants special and specific attention. We will persevere to reach a balanced agreement that will secure our access to our largest market and will open new opportunities for Canadian exporters. To be successful, this agreement must be balanced and bring advantages to both sides. I firmly believe this can be achieved.

I am equally confident that a new arrangement with the U.S., one which is fully consistent with GATT, will stimulate an expansion of trade generally and will serve as a catalyst to the new MTN round.

Our bilateral initiative complements our interest in pursuing trade development with all our overseas partners, of which Japan is the most significant. As an example, today I will inaugurate our new Consulate General here in Osaka. This represents a tangible commitment to maintaining a strong presence in your market and expanding our position in the Kansai region.

The two-way trade between Canada and Japan is progressing rapidly. In 1985, trade between Japan and Canada totalled \$11.8 billion Canadian. In the first eight months of 1986, Canada's exports to Japan increased by more than 8% to \$4 billion. Imports from Japan were worth \$5 billion, an increase of 32% over the previous year.

The current composition of our exports to Japan is oriented to resources -- lumber, coal, minerals and agricultural products. We will continue to be reliable, secure, and competitive suppliers of these commodities. Canadians have invested heavily in this long-term relationship. We are determined to remain a significant factor in your marketplace.

Our manufactured goods, which Mr. Kanao and the economic mission noted during their visit to Canada, are not as well known as they might be in your market. We look to Japanese industry to assess our manufactured and processed products on a fair and competitive basis to begin the process of diversifying the composition of our current trade. We are making, and will continue to make, strong efforts to promote our finished and technology products in your market.

Most importantly, we look to your industries which have been able to develop lucrative export positions in our economy to invest in production facilities in Canada. This would enable you to be close to your customers and markets.

We recognize that the strengthened yen provides a strong, direct inducement for your export-oriented manufactures to invest in production facilities in Canada in order to retain a competitive edge with North American consumers.

Canada has already experienced some effects from your desire to locate manufacturing plants in our market. Toyota's recent decision to invest \$400 million in an automobile plant and Honda's move to double the size of its initial plant, are proof of these developments. We expect these leaders in the interchange of capital, technology, and managerial expertise to be followed by other Japanese manufacturing firms conscious of maintaining and expanding their competitive position in our market.

Follow your exports in determining your future investments. This is a key element in constructing a stable and harmonious relationship. It is an essential ingredient if you are to remain confident of your market position in our economy.

The timing has never been better.

We look to Japan's private sector to provide leadership in promoting enhanced bilateral trade and to examine the interplay between its export markets and overseas investments.

We look forward to working with you as investors in our country.

A group of distinguished Canadians have joined me in Osaka. My parliamentary colleague, Bill Kempling, is Chairman of the Canada/Japan Parliamentary Association.

Robert Blanchard, First Vice President of the International Woodworkers of America, has joined me in representing the Canadian Trade Union Movement and in particular the Forest Products Sector.

From the financial sector, I have with me Charles Coffey, Vice President, Corporate and Government Banking Ontario, of the Royal Bank of Canada.

I also take great pleasure in introducing Mr. Michael Spencer, the new Canadian Consul General in Osaka.

Mr. Chairman, may I again say how pleased I am to be in Osaka. I came here today to deliver the same messages I have been conveying to Japanese businessmen and government leaders in Tokyo. Osaka and the Kansai region are very important to Canada and for that reason, we have opened our Consulate General here.

Coming from Vancouver, the host of EXPO '86 I invite Canadian business to strengthen its ties with Osaka, the city that gave the world EXPO '70.

Thank you.