



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 Keidanren Seminar

TOKYO, JAPAN

November 25, 1986.

Canada

Mr. Kanao, ladies and gentlemen, it is an honour to address this distinguished forum of business leaders.

It was a pleasure for me to welcome you and the members of your mission to Canada last month, Mr. Kanao. The positive tone of your report today is in keeping with your remarks at the press conference in Ottawa at the conclusion of your visit.

You said then that the mission discovered a "new Canada". You found "Investment Canada" seeking new investment, a new spirit of national reconciliation and a better labour climate.

Canada's traditional role as a major supplier of natural resources to Japan would continue. But you made it clear that Japan must deal with the new Canada by increasing imports of Canadian manufactured goods and by exploring opportunities for technology transfer, joint ventures and investment especially in manufacturing.

This is a firm foundation upon which we can construct an expanded bilateral economic relationship.

Prime Minister Mulroney has particularly asked me to convey his appreciation for your efforts, Mr. Kanao, and those of the Keidanren. The Prime Minister is strongly committed to seeing the relationship between Canada and Japan develop to its full potential. He asked me to lead a mission to Japan at the earliest opportunity to build upon the encouraging conclusions of the mission's visit.

Our government's statement of its priorities during the opening of the latest session of parliament highlighted the importance of Japan. Subsequently my Cabinet colleagues and I adopted a strategy intended to provide both leadership and coordination as governments, business and labour focus on Japan:

Our plan of action involves:

- closer political contacts in government and parliament to explore shared interests in such diverse areas as regional security, economic stability and global peace;
- stimulating expanded and equitable trade flows;
- making Canada an attractive destination for Japanese investment;
- stimulating technology acquisition and development as well as industrial cooperation;

- using the MTN process to secure greater trade liberalization;
- promoting tourism.

The findings of your economic mission will signal to Japanese businessmen that there have been significant changes brought about in Canada's economic direction since the last economic mission to Canada led by your predecessor, Mr. Makita in 1976.

There is in Canada today, a government policy of encouraging and stimulating foreign investment with a minimum of regulation. Since the Foreign Investment Review Agency was abolished and replaced by Investment Canada, we have seen a steady increase in investor interest in Canada. Direct investment flow has increased from \$3.1 billion in 1985 to double that rate in the first six months of 1986. The largest source of direct investment in Canada is the United States followed by the United Kingdom, West Germany, and the Netherlands.

Where is Japan?

Well, investment from Japan has been increasing, particularly in the automotive sector, although statistics from this activity are not yet available. Estimates place Japanese direct investment in Canada at only \$2 billion. The current and announced investment plans by Japanese automotive and auto parts manufacturers should add another billion. There is clearly potential for much more.

There is in Canada today, a strong and cooperative spirit between Federal and Provincial Governments to encourage new investment. I am sure that Mr. Kanao and members of the mission saw this during their meeting with Provincial Premiers in their visits to British Columbia, Alberta, Ontario and Québec.

There is in Canada today, a thriving economy marked by a steadily improving trade performance averaging 17 per cent annual increase from 1983 to 1985. Canada's share of world export trade reached 4.4 per cent in 1984 and 4.8 per cent the following year.

There is in Canada today, a level of productivity which has continued to rise following the recession of the early 1980's -- a Canada in which unit labour costs compare very favourably with those of the United States. We are now in the front rank of OECD countries on all important competitiveness indicators. That alone offers an attractive magnet for investors.

Many Japanese companies have a long history of investment in Canadian resource industries. The automotive investments have led the way to Japanese direct investment in manufacturing. In Canada, Japanese firms make colour television components, floppy disks, electrical equipment, including ceramic capacitors. We would like to attract more of these investments.

There is in Canada today, a highly skilled and competitive labour force. We have a large and increasing pool of scientists, engineers and technologists. Our work force is stable. Both the amount of time lost in work stoppages and the average duration of stoppages compare favourably with the United States. Our workers are competitive -- in Canadian dollars the average hourly wage in manufacturing in August 1985 was \$11.60 in Ontario, compared with \$17.00 in Michigan and \$15.30 in Ohio.

There is in Canada today, a growing awareness among business people of the important role that Japan is playing and will play in the future of our economy and prosperity. During the first five months of 1986, we held a series of seminars across the country highlighting Japanese technologies in sectors such as advanced industrial materials, advanced manufacturing technologies, auto parts, space, biotechnology, micro-electronics. Eleven hundred Canadian business representatives attended these seminars to learn from the more than 100 Canadian firms who participated directly in the technology missions to Japan.

We are concerned, however, that Canada has attracted only 2.1 per cent of Japan's direct overseas investment compared with 32 per cent destined to the United States. The Canadian market for Japanese exports is expanding -- a 30 per cent increase in the first six months of 1986. The factors which lead Japanese insurance companies to invest heavily in Canadian securities, and that are responsible for a greatly expanding investment activity by American companies, should also lead to a stronger Japanese presence in productive investment in Canada. This is in Japan's interest as well as Canada's.

My message is plain and simple. When you look toward North American for investment opportunities, I would urge you to consider Canada.

Given the importance of our bilateral relationship, the need for broad mutual understanding of each other is clear. This is a subject that was also touched on by Mr. Kanao in his press conference in Ottawa. He suggested an exchange of visits by businesspeople at the middle management level. On that occasion he pledged the Keidanren's support for this process.

I am pleased to announce today that on the Canadian side, we have established funding to facilitate business exchanges at the mid-management level. I have asked our embassy to pursue this matter vigorously with appropriate Japanese authorities so that we can quickly put a program in place.

A group of distinguished Canadians has joined me in Japan. My parliamentary colleague, Bill Kempling, veteran member of the House of Commons has a long background in business and is Chairman of the Canada Japan Parliamentary Group.

Because coal and lumber are among the largest of Canada's resource exports to Japan, two industry leaders have joined me. They are Giacomo Capobianco, Vice President (Coal), ESSO Resources, President of Byron Creek Collieries and Chairman of the Canadian Coal Association, along with Clive Roberts, President of Seaboard Lumber.

Robert Blanchard, First Vice President of the International Woodworkers of America represents Canadian labour, particularly in the forest sector.

Vancouver's International Geosystems Corporation is represented by its President, Hugh Mah. His company specializes in software systems for the petroleum industry and is a world leader in the development of text processing systems in Mandarin and is developing a Japanese system.

Also with me from Vancouver, is Arthur Hara, Chairman of the Board of Mitsubishi Canada, one of the major Japanese trading companies. Mr. Hara is a member of the order of Canada and past Chairman of the Vancouver Board of Trade.

David Culver, President and Chief Executive Officer of Alcan Aluminum Limited, will join us later today. As Chairman of the Canada/Japan Business Cooperation Committee, Mr. Culver plays a critical role in the strengthening of ties between Japanese and Canadian firms. I know he looks forward to welcoming the Canada/Japan Business Committee to Vancouver next May.

Because Tokyo is one of the world's financial capitals with a significant Canadian presence, I asked Steve Probyn, a Vice President of Wood Gundy and Charles Coffey, a Vice President of the Royal Bank of Canada, to join me.

These are key members of "Team Canada". They are here with me to give substance to our commitment to the Pacific and to Japan in particular. As a member of Parliament from Vancouver, this is a commitment I heartily endorse. We are here to turn sentiments into substance, rhetoric into reality. We will do our share. We also count on Japan to do its share. Thank you.