



Minister for
International Trade

Ministre du
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Speech by the Honourable Pat Carney,
Minister for International Trade,
to the Canada-Japan Society and
the Canadian Chamber of Commerce

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Canada

Mr. Chairman, ladies and gentlemen. It is a privilege to address once again a combined luncheon of the Canada-Japan Society and the Canadian Chamber of Commerce in Japan. My last visit was only 14 months ago. What a difference a short 14 months has made. In that time, we have seen several important developments in the economic relationship between Japan and Canada. In fact, so much that is positive has happened in these 14 months, I could spend all my time today simply reviewing the history.

Let me recall just one important highlight, the world's fair, EXPO '86, held in my home town of Vancouver. The theme of EXPO '86, the world's achievement in transportation and communications, was particularly important to countries of the Pacific Rim.

Japan made an important contribution to EXPO '86. The Japanese Pavillion was one of the largest on the site, conveying the vitality and imagination of Japan.

Another significant Japanese contribution to EXPO '86 is the magnificent Pan Pacific Hotel in Vancouver.

In keeping with the theme of EXPO '86, we celebrated the one hundredth anniversary of the completion of the Canadian Pacific railway and the founding of our great Pacific Port, Vancouver.

One of the main objectives of the Canadian Pacific Railway was Trans-Pacific trade. Trans-Pacific trade was important to Canada in 1886 and it is more important today. Trade and transportation increase the opportunities for cooperation and understanding between countries.

Our Government's statement of its priorities during the opening of the latest session of Parliament highlighted the importance of Japan. Last week the Canadian Cabinet adopted a strategy intended to provide both leadership and coordination as Governments, business and labour focus on Japan.

Our plan of action involves:

- (1) closer political contacts in Government and Parliament to explore shared interests in such diverse areas as regional security, economic stability and global peace. This is a point I will emphasize in my meeting with Foreign Minister Kuranari;
- (2) stimulating an expanded and equitable trade flow;
- (3) making Canada an attractive destination for Japanese investment;
- (4) expanding financial market activity;

- (5) stimulating technology acquisition and development as well as industrial cooperation;
- (6) using the MTN process to secure greater trade liberalization;
- (7) promoting tourism.

At the Prime Minister's request, my mission launches the first of many visits into Japan over the next two years. We want to pursue with Japanese business leaders the positive results of last month's Japanese economic mission led by Mr. Kanao. We want to remind Japanese Government and business leaders that Canada can compete in Japan as a reliable supplier. We want to emphasize however that we must have fairness and equity on a number of specific trade access issues.

That is why I have taken this opportunity to visit Japan so soon after the Japanese economic mission was in Canada. Mr. Kanao led his mission to British Columbia, Alberta, Ontario and Quebec last month, meeting with leaders of business and Government.

Following his meeting with Prime Minister Mulroney Mr. Kanao said that the mission discovered a "new Canada". They found "Investment Canada" seeking new investment as well as 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 Mr. Kanao 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 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 Kanao mission's visit.

In recent months, we have undertaken several initiatives to increase further trade and investment between our countries. For example, in September, our officials met in Vancouver to review progress on the science and technology agreement during Prime Minister Mulroney's visit to Japan last May. More than 70 projects are being pursued in a wide variety of important fields, including space (e.g. assessing the effects of zero

gravity), ocean development (e.g. harbour and coastal engineering), agriculture (e.g. buckwheat research and food safety) and informatics (e.g. image processing and optical devices).

A review was also undertaken of the industrial co-operation agreement reached last year by our respective Industry Ministers. The purpose of this accord was to facilitate joint ventures and technology transfers and to encourage investment between Japanese and Canadian companies in advanced manufacturing technology, microelectronics and advanced industrial materials. This agreement has been so successful that it has been expanded to include space and biotechnologies. (Examples include: (a) an agreement between Servo Robot in Montreal and Daihen in Osaka to supply vision systems to be used in welding robot application; and (b) an exchange between the Ontario Research Foundation and the Japan Fine Ceramics Centre.)

Activity has been brisk, with eight missions of more than 100 Canadian businessmen travelling to Japan. One such mission, focusing on advanced manufacturing technology, is in Japan today led by the Canadian Manufacturers' Association.

In addition, consultations on financial policy were held in Ottawa last month. Last week in Tokyo, our officials met to discuss developments in the forest product industries. Next week they focus on agricultural trade.

Canadian sales to Japan in 1985 exceeded our total combined exports to Latin America, the Caribbean, Africa and the Middle East by half of a billion dollars. To put it another way, Canada's exports to Japan exceed our total exports to all our European Economic Summit partners combined.

In fact, in 1985 the total value of our trade was \$11.8 billion. In the first eight months of 1986, Canada's exports to Japan increased by more than 8% to \$4 billion. Imports from Japan reached \$5 billion an increase of 32% over the previous year.

If current trends continue, we will soon find Japan having the largest merchandise trade surplus with Canada. Our trading relationship will remain constructive, but we must be careful about perceptions emerging that the benefits of expanding trade are running too much in one direction.

In light of this, I would be concerned if large Japanese trade surpluses result from uneven access for Canada to the Japanese market. I would also be concerned if Japan undertook to

resolve differences with other countries without considering Canada's interests. Our first task therefore is to ensure advantageous expansion in trade.

Canada would like to see an increase in exports of our manufactured goods to Japan, something that Mr. Kanao talked about on his Canadian visit. In recent months, we have seen a dramatic increase in sales of certain Canadian products, such as processed foods. This is an area in which I believe Canadian exporters can achieve greater success.

My basic objective, therefore, is to achieve a more diversified trading relationship between Canada and Japan and to remove obstacles to its expansion.

In my meeting with Miti Minister Tamura, I reaffirmed Canada's commitment to early progress in the MTN with particular focus on agriculture. I emphasized the importance of maintaining our market share of the Japanese coal trade and Canada's intention to remain a competitive and secure supplier. I said that the government of Canada continues to support the efforts made by AECL to introduce Candu into Japan. We also discussed an increase in industrial cooperation between Japan and Canada including the positive decisions of Japanese automobile manufacturers to invest in Canadian assembly plants.

I emphasized the importance of extending Japanese investment in our auto parts industry both for joint ventures with Canadian companies and for direct investment.

In seeking additional direct investment from Japan we are, of course, encouraged by the confidence that Japanese portfolio investors have placed in our country. We note that Japan became the largest overseas customer of Canadian government securities this year.

With the Minister of Construction, Mr. Amano, I plan to discuss building codes revision in order to facilitate three-story timberframe multi-family housing which would benefit Canadian lumber exports. This follows on the meeting between our two Prime Ministers last May, in which Prime Minister Nakasone made known Japan's intentions to amend its building codes in the near future.

With Minister Kato of the Ministry of Agriculture, Fishery and Forestry, I urged the removal of the tariff on spruce, pine and fir lumber. This would allow Canada's lumber industry to compete on an equal footing and share in the growth opportunities in the housing lumber market; an area Canadians have spent so much time and effort to develop.

Shortly after becoming Canada's Trade Minister, I travelled to Sintra, Portugal to attend the regular meeting of Trade Ministers of Japan, United States and European Economic Community. There I met Miti Minister Tamura for the first time and we worked together to combat trade protectionism. The frank and informative discussions of this small group were an important prelude to the GATT meeting at Punta del Este, Uruguay, which launched the new MTN Round after an intensive week of hard negotiation.

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

Of interest to you, I am sure, is the Canada-U.S. relationship. Canada wants a better, more certain trading arrangement with the United States -- a country with whom we share \$150 billion of trade. Traditionally we have been each other's biggest customer. 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, including with Japan, and will serve as a useful catalyst to the new MTN round.

Canada is equally determined to enhance our economic partnership with Japan, our second largest trading partner. We endorse the comments about the new Canada made by Mr. Kanao at the end of his visit last month to Canada.

There should be no doubt about the importance Canada accords to Japanese participation in our economy. Canadians in both the public and private sectors want to emphasize this message.

A group of distinguished Canadians have joined me in Japan. I would like to take this opportunity to introduce them to you.

My parliamentary colleague, Bill Kempling, is a veteran member of the House of Commons and 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, 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 is representing Canadian labour, particularly in the forest sector. He is with me in Tokyo but is meeting with his counterparts in the Japanese labour movement.

Vancouver's International Geosystems Corporation is represented by its President, Hugh Mah. His company 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 Corporation 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 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.

I also would like to extend special thanks to Ambassador Steers and his staff for their daily efforts to strengthen the Canada/Japan relationship. They serve Canada well.

We welcome their support and the support of many others here today -- 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 and reality. We will do our share. We count on Japan to do its share.

Thank you.