

Minister of Industry,  
Science and Technology and  
Minister for International Trade



Ministre de l'Industrie, des  
Sciences et de la Technologie et  
ministre du Commerce extérieur

# Statement

# Déclaration

**91/54**

**NOTES FOR REMARKS BY**  
**THE HONOURABLE MICHAEL H. WILSON,**  
**MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY**  
**AND MINISTER FOR INTERNATIONAL TRADE,**  
**TO THE CANADIAN CHAMBER OF COMMERCE IN JAPAN**  
**AND THE CANADA-JAPAN SOCIETY**

**TOKYO, Japan**  
**November 7, 1991**

Mr. Yamada, Mr. McKay, Ladies and Gentlemen,

I have been looking forward to this visit ever since Prime Minister Mulroney's announcement here last May that I would lead a trade and investment mission to Japan.

I am delighted to be meeting once again with the distinguished members of this Chamber of Commerce and of the Canada-Japan Society.

I have enjoyed our previous sessions together, when I was Minister of Finance, and today I would like to share with you a few thoughts on my new responsibilities.

I have come to Japan with 12 senior business representatives from Canada. Joined by six Canadian business representatives based in Japan, they have come with me to promote trade, investment, technology exchange, and tourism between Canada and Japan; to sensitize Canadians to the exciting opportunities for doing business in the different regions of Japan; and to sensitize Japanese to the benefits of alliances with Canadian companies.

This mission should be seen as the most recent in a long series of activities, both government-led and private sector-led, aimed at expanding our bilateral economic relationship.

The Canada-Japan Business Committee and the Japan Canada Economic Committee held their most successful annual joint conference last May in Halifax, thanks in no small measure to the outstanding leadership provided by the co-chairs, Mr. Minoru Kanao of NKK, and Mr. Allen Lambert of Edper Brascan.

Canada's Business Council on National Issues, which sent an important mission to Japan in October last year, presented its mission report to a "Business Summit" held when Prime Minister Mulroney was here in May.

During Prime Minister Mulroney's visit, a forward-looking panel was created to provide advice and recommendations by the end of 1992 to the Prime Ministers of both countries on the enhancement of our bilateral relationship in the economic, political and cultural areas. The "Canada-Japan Forum 2000: Partnership Across the Pacific," consists of eminent Japanese and Canadians from various disciplines, and is co-chaired by Mr. Yoshio Okawara, Deputy Chairman of the Trilateral Commission and Executive Advisor to the Keidanren, and by the Honourable Peter Lougheed, former Premier of the province of Alberta.

Mr. Lougheed has informed me that he and the Canadian members are taking this very seriously; they are committed to putting forth a positive report to enhance not just bilateral economic ties, but also co-operation on global issues of common interest to Japan and Canada.

As the relationship grows, the number of participants grows too. Quite aside from the major events and visits I have referred to, Canadian businesses of all sizes are active in the Japanese market. Our Embassy in Tokyo and Consulate General in Osaka reported that they attended to over 2,000 business visitors and responded to more than 6,000 trade enquiries from Canadian companies last year. We know many more came and did business on their own.

Nothing perhaps symbolizes Canada's commitment to building a partnership with Japan, and the potential for growth in our relationship, better than the opening of the new Canadian Embassy this spring. In the six months since the new Chancery opened, more than 60,000 people, mostly Japanese, have come to the Embassy to participate in many different business and cultural programs.

I am also very much looking forward to going down to Fukuoka on Friday to open our new trade office there. This will be followed next year by the opening of a trade office in Nagoya. Much more, however, remains to be done if we are to achieve the full potential of our relationship. That is why we have undertaken, through our Pacific 2000 initiative, an intensive program to enhance our capability in the Japanese language and to promote awareness of Japanese culture and ways of doing business through course offerings at Canadian universities and community colleges. There are some 7,000 Canadians currently studying Japanese in high schools and universities. Other programs, some delivered through organizations such as the Asia Pacific Foundation, established personal linkages in Japan and offer seminars and courses to educate Canadian businesses about Japan.

These important bilateral activities, as you are well aware, are taking place against a backdrop of extremely important developments in the area of global trade liberalization.

Few countries in the world are as dependent as Canada is on foreign trade. Over one quarter of our gross national product is derived from trade. This means that roughly one job in three is dependant on exports.

Since coming to power in 1984, our government has made the removal of trade barriers a top priority. And doing so has always been a two-track affair. We have always considered the multilateral negotiations of the General Agreement on Tariffs and Trade (GATT) and any bilateral arrangements we might conclude as complementary rather than competing avenues to the same important goal.

Our number one trade priority today is a successful conclusion to the Uruguay Round of the Multilateral Trade Negotiations (MTN). We believe that there is a window of opportunity now to complete

these comprehensive worldwide trade talks over these next several weeks. All of us participating in the talks will have to show flexibility to get an agreement that will be in our collective and respective national interests. I can think of no other country that stands to gain more than Japan from a successful Uruguay Round -- or one that will lose more should it fail. Much of Japan's post-war economic success has been built on an open, rules-based multilateral trading system. The next few weeks could be the critical period we have been waiting for, the chance to bring the world's trade system more in line with today's realities. We must go for it now, with courage, boldness and vision. I hope that the newly installed government of Japan shares my hopes and this cautious optimism.

I cannot let this opportunity pass without also stressing the important role each and every one of you can play to help create the momentum, and the dynamic, for a comprehensive MTN result. A major GATT outcome is needed to keep pace with the dramatic political and economic developments around the world. And you, the business community, have an important role in encouraging and supporting governments to develop the appropriate policy framework that keeps pace with economic realities. The future of your companies is at stake. Use whatever networks you have to ensure the right balance is given to these talks. True, agriculture is the stumbling block. It is difficult for all of us. But let us not lose sight of the strides we can also make in services, in improving market access for industrial products, and in strengthening the rules of the game for all sectors.

Canada has already achieved a major success in the conclusion of a Free Trade Agreement (FTA) with the United States. The Agreement has been in place for almost three years; it is working well and Canadian companies are finding that they can compete in the United States successfully.

Our negotiations with Mexico and the United States to create a North American free trade area represent an extension of this emphasis on open markets and a global reach. Although we pursue one international trade policy agenda in different forums, and with different partners, there is a consistent thread running through our FTA with the United States, our relentless efforts to secure a successful conclusion to the Uruguay Round, our negotiation of a North American Free Trade Agreement (NAFTA), and our determination to build our trade and investment relations with Japan and our other partners in the Pacific Rim. In all cases, the goal is sustainable growth and opportunity; in all cases, the method of choice is liberalized access for goods, services and investment for the benefits of all concerned. The NAFTA will be trade- and investment-creating -- let me repeat, it will reduce or eliminate barriers within a North American free trade area without erecting any new barriers to outside countries.

A NAFTA will also reinforce Canada's attractiveness as a site for foreign and domestic investment. Companies that look to Canada for an educated and skilled workforce; abundant resources; an excellent transportation infrastructure; world-class banking and telecommunications networks and all the other advantages of locating in Canada. You will also have access to a North American market of 360 million people upon implementation of the NAFTA. The scope for joint ventures, direct investments, strategic corporate alliances and increased trade between Canada and Japan will only become more appealing, and more rewarding. Since we signed the FTA with the United States, Japanese direct investments in Canada have more than doubled from \$2.9 billion to \$6.4 billion. The NAFTA negotiations signal that Canada will soon have even more to offer.

Mexico's trade secretary, Dr. Jaime Serra, the United States Trade Representative, Ambassador Carla Hills, and I have met three times since we launched these trilateral negotiations in Toronto this past June. At the outset, we agreed to seek an outward-looking, comprehensive agreement that would provide the maximum possible free exchange of goods, services and investment in the North American marketplace. We agreed it should promote the further integration of the three countries into the global economy. We agreed we would create a framework which would encourage industries in North America to become globally competitive. And after 150 days of negotiations, we haven't changed our minds. The only block the North American Free Trade Agreement will create is a building block, a building block for increased trade and investment with our most valued customers and suppliers worldwide.

At the same time that we are working to bring down barriers in international trade, we are also aware of the need to remove barriers within our own domestic market.

As part of the constitutional proposals tabled six weeks ago by Prime Minister Mulroney, we have included fundamental reforms to the Canadian economic union. In an era of growing international business linkages, Canada simply has too many barriers to trade within the country. Our ability to compete in global markets for trade and investment is hindered by antiquated restrictions to the free functioning of our internal market. We have proposed that by 1995 the Constitution be modernized to enhance the mobility of persons, capital, services and goods throughout Canada.

All of this leads me back to the Canada-Japan partnership ... because these measures, taken domestically and internationally, are designed to position Canada to thrive in the global marketplace, and will enhance Canada as an attractive trading partner, as a valuable science and technology partner, as both an important source and destination of investment or technology, and

as an attractive destination for tourists, students, scientists, entrepreneurs and others.

The business people with me on this mission, accompanied by Canadian business representatives in Japan (who are all members of your Chamber), have travelled to a number of Japanese cities to discuss just how we can realize the potential for increased business links. We hope that the members of each of these mini-missions -- who will inform me of their conclusions on Friday in Fukuoka, will do much to increase the profile of these regions in Canada, and to foster the interest of those in other parts of Japan in doing business with Canada.

We owe the tremendous success of these regional visits, and of the greater awareness about Canada in these regions, to the excellent assistance we have received from our honorary commercial representatives in each centre. I wish to acknowledge their presence here with us today and to express my personal appreciation for their generous support. From Sendai is Mr. Toshio Tamakawa, Chairman of Tohoku Electric Power company; from Hiroshima is Mr. Koki Tada, President of Chugoku Electric Power Corporation; and from Sapporo is Mr. Takeyoshi Morihana, former Chairman and now advisor to the Bank of Hokkaido. Furthermore I am delighted to formally welcome Mr. Morihana, who has just graciously accepted to be our representative in Sapporo, to the Canada business development "team" in Japan.

Another area where a Canada-Japan partnership seems promising is that of science and technology. Since 1986, the Canada-Japan Agreement on Co-operation in Science and Technology has co-ordinated government-to-government science and technology co-operation. There are currently some 85 projects under way. The Japan Science and Technology Fund under the Canadian government's Pacific 2000 initiative provides some \$25 million over five years to promote joint technological development and create strategic partnerships in areas of priority to Canada. The fund is open to projects from government, the private sector and the academic community.

Overall, the potential for our economic partnership is enormous. Canadians are becoming aware of a market in Japan that, in contrast to old perceptions, is increasingly open and receptive to imports. This, coupled with unprecedented prosperity in Japan -- a function of Japan's remarkable economic achievements, amplified since 1985 by a virtual doubling in the value of the yen -- has opened up tremendous possibilities for Canadian suppliers of products and services.

The challenge is very clear. We must move from our high-quality basic resource products into higher value-added Canadian brand products which meet the tastes and the demands of the Japanese consumer for quality. We must demonstrate our ability to deliver

this quality and make the commitment to a lasting presence in this market.

This will need greater research and development and a continuing emphasis on quality if we are to be rewarded by the loyalty of the Japanese consumer to our brands.

I have no doubt that this can be done. We have demonstrated it with our high level of sales into the United States market. We must now repeat that success here in Japan.

Conversely, as Japanese industry continues to move up-market, Canadians will remain attracted to the highly sophisticated products of Japanese industry. Increasingly these products will be manufactured in subsidiary companies overseas for local and global markets, and we hope that a good portion of that investment will find its way to Canada.

In conclusion, to my Canadian compatriots, I would say that we have much to learn here; let us expand our presence in Tokyo and the other regions of Japan; let us make the commitment to succeed in Japan; and let us participate in the incredible growth of the Pacific. To our Japanese friends, I would invite you to come to Canada, experience our way of life, and work with us as partners. We face a common challenge of assuring the prosperity of our people in a complex and rapidly changing environment. Let us consider not just what we have accomplished together -- which is considerable -- but also what is still possible.

Thank you.