

# STATEMENT DISCOURS

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NOTES FOR A SPEECH BY THE  
RIGHT HONOURABLE JOE CLARK,  
SECRETARY OF STATE FOR  
EXTERNAL AFFAIRS,  
TO THE CANADA-JAPAN SOCIETY AND  
THE CANADIAN CHAMBER OF COMMERCE  
IN JAPAN

TOKYO  
DECEMBER 19, 1984

Mr. Chairman, Your Imperial Highnesses, Ambassadors, Ladies and Gentlemen. It's a great pleasure for me to be back in Tokyo, to have the opportunity and the honour to be here as Secretary of State for External Affairs now at a time when I think the relations between Canada and Japan are more important than they have ever been, at a time when there is very real opportunity for us to accomplish very important things together. I am particularly honoured that their Imperial Highnesses would be present at this luncheon. Knowing your long standing interests in Canada and your attendance at Queens University I very much hope that it will be possible in the near future for you and her Imperial Highness to come to Canada.

I am very happy to be here today in a country that manages to combine some of the noble traditions of antiquity with the kinetic energy of a thoroughly modern state. I chose to come here, a deliberate choice, discussed and approved by the Prime Minister, just 3 months after being sworn in as Secretary of State for External Affairs for Canada because I want by my presence and by the conversations we will be able to have here to emphasize the importance that we in the new Canadian Government place on our relations with Japan and to signal our determination to develop an ever closer and more productive relationship between our two countries.

It is particularly appropriate that I share my views with the Canada-Japan Society and the Canadian Chamber of Commerce in Tokyo. Your organizations have both played a vital role in the development of the Canada-Japan relationship. Your energy, your commitment and your imagination have contributed the foundation on which our dynamic relationship has been constructed, and I say to you in all sincerity that as we look forward to what might be developed in future, your efforts are going to be essential if we are going to be able to develop the full potential of the cooperation between our two countries.

As you would know, the Canadian people provided our party with an overwhelming mandate in the national Canadian election on the 4th of September. We won 211 out of 282 seats in the House of Commons. We won a decisive majority in each one of Canada's 10 provinces and in both of our Northern Territories. In the French-speaking province of Quebec, where our party has historically had great difficulty in establishing broad support, we won 58 out of a possible 75 seats. To put that in some perspective, you should know that before the September election, we held only 1 seat in the Province of Quebec.

In themselves, those numbers are much less important than the virtual unanimity of the vote for change. I have been in parliament long enough to know that Governments change after people do; and my particular experience, as someone who once led a minority Government, allows me to distinguish between a reluctant mandate and a decisive mandate. The September

election should be interpreted as an overwhelming demand by Canadians for an end to both an era of conflict and a style of Government. It is also in my view, very much an assertion of Canadian confidence, a signal that Canadians have had enough of looking inward and that we are now reaching out to compete in the world and to accept our role in the wider international community.

The Mulroney Government is now embarked on the task of setting the agenda which Canadians indicated they wanted, an agenda of new directions for Canada. We want to restore Canada as a dynamic force in the international community - we want to put our economy firmly on the road to economic renewal. We are committed to creating wealth and growth and jobs. It is a vital task for the well-being of Canada; but it will not be an easy task.

Our new Government inherited a deficit that was even larger than the deficit that had been forecasted before the vote - the size of our debt load makes reducing our debt and particularly getting our deficit down almost impossible. Furthermore, we came to office with close to 1 1/2 million Canadians out of work.

Prime Minister Mulroney has set these 2 issues as his priorities - creating jobs that will last for Canadians and getting our deficit down. We have embarked on the most open and extensive process of policy consultation in the nation's history. The Prime Minister and provincial Premiers have begun meetings to bring coherence to Canadian economic policy so the first budget of our national new Government when it comes down in the spring will not reflect simply the concerns of one level of Government but can reflect instead agreed priorities of all of the partners in the Canadian Federation. I should simply say in passing how pleased I am today that present at the head table when I am speaking as a Minister of the Federal Government of Canada is the Hon. Don Phillips who is a Minister of a Provincial Government of Canada. I think that that is a quiet symbol of the kind of cooperation that we are finding encouraging in Canada among governments which, while we might have different areas of jurisdiction, have a common Canadian people whom we serve and a common set of goals making the country work. The presence of Mr. Phillips is only one of several changes in the relations between our federal and provincial government that we have seen in recent days. I won't detain you with it but I think it important to make the point that last week in a conference sponsored by the Government of Quebec to discuss the role of Quebec in the world, federal government representatives, including cabinet ministers, were present at the table because we were interested

in working with the Government of Quebec not in fighting with them and that today in Ottawa my colleague the Minister of International trade Mr. Kelleher, is meeting with representatives of provincial governments and territories, all interested in international trade, to set down and determine how together we can present the most effective face to the world from Canada and that not long ago, 10 days ago, when the Prime Minister of Canada and the Premier of Quebec held their first formal meeting, the Prime Minister of Canada showed the courtesy of going to Quebec for the meeting, and the Premier showed the courtesy of flying the flag of Canada for the first time in 8 years over l'Assemblée Nationale of the Province of Quebec. Those matters might seem to be simple local peculiarities of Canada but as everyone who has had to do with business relating to our country knows, one of the most important problems we have faced has been a confusion and an uncertainty about how well we pull together within our country. We are pulling together now better than we have for some long time past and I say, and Mr. Phillips and other members will nod their agreement, that we intend to maintain that pattern over the next several years.

The touchstone of the new Canadian agenda will be that we in Canada must be able and ready to compete in the world. In the past, when world economies were becoming increasingly interdependent, Canada was taking another direction. As the world grew more together we turned inward and also turned interventionist. But Canadians know we can no longer survive this way. We have to look outward, and we have to work with our world neighbours. We have to trim down our Government and we have to rev up the engines of our private sector if we are going to get our country growing again, and most of all, internally and externally we have to build bridges not barriers.

With this in mind, I have announced a major review of all of our international relations, a review which aims to engage Canadians in a debate about some vital foreign policy issues. This review is to be conducted by parliamentarians holding public hearings across the country. That is the first time in the history of Canada that that sort of undertaking, that unique idea that Canadians should have a voice and a role in their foreign policy, has occurred. But it is not intended to question such basic issues as our membership in the UN or NATO - those and others are givens. Rather, it will offer Canadians an opportunity to examine our relative place in the world - how we are doing in comparison to other nations and what we can do to improve our position. The review will concentrate, to a relatively large extent, on economic policy - which is something new for a foreign policy review.

But I am convinced that international economic policy is an integral and inescapable part of foreign policy and I want our review to reflect that reality.

Nowhere has global interdependence been more evident than in the field of trade and investment. Countries have become increasingly bound together by a network of commercial and financial flows. The development of a global economy is, however, creating a constant pressure on many of us to restructure and adapt industries, occupations, regions and enterprises.

In Canada, we recognize that to compete successfully in this rapidly evolving global economy, we must take a new approach to economic and trade policy. We must change both our economic relations with the rest of the world and the management of our domestic economy.

Canada as you know has always been a trading nation. We are remarkably open to the world. In 1984, approximately 30% of our GNP was directly attributable to trade. We have abundant natural resources, the natural resources that the rest of the world, including Japan, has envied and purchased as they have been in the past the engine of our growth. Natural resource wealth remains very very important to Canada. But I make the point to you and the Government of Canada understands it clearly that this traditional source of strength is not enough alone. New circumstances challenge our traditional assumption about uncomplicated, perpetual resource-led growth.

The U.S. is by far our largest export market. It is such a huge and powerful market that it has, historically, appeared capable of pulling us along forever. We have always been welcome there in the United States and we have drawn many economic advantages from our proximity to that great power. But strong protectionist sentiment in the U.S. is threatening our access to our largest market. The rapid penetration of the U.S. market by our competitors from other countries is altering the direction of U.S. trade. Also, the U.S. is adapting more quickly than most to changing global economic circumstances and we could find our position slipping in an enormous market which no longer has the same need of our goods and our services. That is the reality, that is not a lament. This new government is not here to lament events, it is here to take account of them, and to do what we can to control them. That is the reason we are discussing with the U.S. ways of liberalizing trade between our countries. In particular, we want to find ways of eliminating U.S. non-tariff barriers which pose real dangers to our bilateral relationship. Perhaps if we find some ways to do that we will tell you and when you find some ways to

do that you can tell us. Then we can all discuss that problem together. Any Canada/U.S. agreement would, of course, and I emphasize this point, be compatible with our obligations under the GATT. And the much-publicized, new Canada/U.S. relationship would be neither exclusive nor exclusionary. I repeat, we are building bridges, not barriers. And those bridges are not built solely to the south of Canada - they will also be built to the east and the west. Japan is an important friend and a major trading partner for Canada and we are committed to strengthening our economic, our social and our political ties with Japan.

The restructuring of the Canadian economy which is now taking place, provides opportunities for significant cooperation between Japan and Canada. Our new Government wants Japan to know that we are committed to improving the climate for foreign investment so that you can capitalize on our educated workforce, our well-developed infrastructure and access to the vast and lucrative North American Market, a North American Market by the way which while the entry points may lie in Canada is not limited by the 49th parallel. We will make every effort to encourage greater Japanese direct investment in Canada's national economy.

The first step in this process began ten days ago when my colleague the Hon. Sinclair Stevens, the Minister of Industry tabled in the House of Commons the Investment Canada Bill. That bill is the legislation which will do away with FIRA, the Foreign Investment Review Agency, and put in its place a new act, the Investment Canada Act, which will have a new, positive mandate to encourage and facilitate investment, to encourage particularly that kind of investment that creates permanent jobs, that introduces innovative ideas and technologies, and that expands Canada's economic and industrial base.

New business can be particularly beneficial to Canada. Which is why we propose in the Act to exempt all new business investment from review. I won't take you through all of the details of that important new piece of legislation in Canada except to say this: our revised procedures will reduce by about 90% the number of transactions which are now subject to review under the Foreign Investment Review Act. The new Agency's objectives are to facilitate investment and to limit Government intervention in the foreign investment field.

Let me say just a few words, because this sector is very important, about Canada's energy sector. Nearly 40% of total business investment in Canada is in the energy sector and for this reason we are paying particular attention to the old

National Energy Program brought in not long ago by another government. Our objective is to build, with partners, a dynamic and a growing energy sector. We want to assure investors that our energy sector offers outstanding opportunities to do business. To this end, we will be making changes to the odious "BACK-IN" provisions of the NEP and we will be undertaking a comprehensive review of federal energy taxation. Canadianization remains an objective but it will be achieved under a system that is fair to all who invest in the growth of our economy.

Beyond investment opportunities there are some other significant areas of potential cooperation between Japan and Canada.

In the face of growing economic interdependence, Japan and Canada share a concern that the multilateral trading system is endangered, not so much by conventional tariffs, as by a range of non-tariff barriers employed to varying degrees by all countries. Of special concern, however, is the revival of strong protectionist sentiments. Canada's commitment to the open, multilateral system is firm and clear. The Canadian Government has already taken a stand for a more open trading system and we will continue to work through the GATT and through other international bodies to preserve and expand access to the world's markets. We are pleased that in this question, and so many others, the views of Canada and Japan coincide. The efforts of the Japanese Government and in particular the personal commitment of Prime Minister Nakasone to a new round of multilateral trade negotiations receives the full endorsement of the Canadian Government.

Another reality of interdependence for Canada is becoming more evident because of the role which the Asia Pacific Region, and Japan in particular, is assuming in world affairs.

A decade ago Canada's trans-Pacific immigration exceeded our Trans-Atlantic immigration for the first time in history. That was a decade ago. Two years ago our Pacific trade surpassed our Atlantic trade for the first time. Projected rates of growth for the rest of the 1980's exceed the most optimistic projections for Europe and for North America. The bright economic future of the region indicates that without a doubt it will play an increasingly significant role in promoting the health of the world economy, and in the continuing evolution of the international trading framework as well as in the fulfillment of our goal of economic growth.

Our new government is committed to be a part of this process. As a Canadian from the western region of Canada, I have always been aware of the immense importance and the immense potential of our neighbours across the Pacific. And that understanding, which is second nature in western Canada, has now spread across our country.

For 100 years, we have been a Pacific nation in geography. Now we are a Pacific nation in mentality, looking to a partnership across this ocean as the major source of new economic opportunity for Canada in the decade to come.

Trade and economics are at the root of that partnership, but we expect to blossom into stronger political co-operation within the Pacific region and a growing contact between our cultures. Increasingly, at the UN, at the Economic Summit, and in our approach to trade, Japan and Canada are uniting together to achieve, common international goals.

But, in a sense, we are just beginning the relationship. Both Japan and Canada are responding to modern international events not by turning inward but by reaching out to the wider world. In both our cases that involves changes. It involves changes in our traditions as it involves changes in your traditions. But there is no way that we can meet the new world by being confined by old habits and both our countries recognize that reality.

I simply cannot emphasize enough the importance we place, as a new Government in Canada and a Government that on this question can speak confidently for the people, on establishing a deeper exchange of ideas on a broad range of issues between Canada and Japan, between Canadians and Japanese on issues like economic co-operation, like regional stability, like social development and very many others. My visit to Japan is the first of many opportunities that I expect to have in this capacity to develop a dialogue with leaders of Asia and the Pacific and I will not be alone. My colleague Mary Collins, the member of Parliament for Vancouver Capilano who will be carrying out a special liaison role between our government and the Asia Pacific Foundation and will be having some separate discussions during her time here.

Over the next few months, several of my colleagues in the Canadian government will come to Japan to discuss specific areas of co-operation - in science and technology, in research and development, in fisheries, in energy, in sport, in international trade and other fields. Those arrangements have already been made or are in the process of being made. You will be seeing much more of Canada in Japan over the next year.



Japan has, for years, been the catalyst for the Pacific region's dynamic growth. As the largest market economy in the region, indeed the second largest market economy in the world, Japan will play a pivotal role in future developments in Asia and the Pacific. The existing close ties between Canada and Japan provide a unique "window of opportunity" to enhance and strengthen Canada's interaction with the region.

New Japanese industrial policies are focussing on the development of knowledge intensive industries and encouraging the transfer of technology to newly industrializing countries. These changes will challenge traditional Canadian exports to Japan. We are confident, however, that Japan appreciates that large investments in resource developments in Canada have provided Japan with a secure source of supply of coal and other essential resources for the Japanese market. Our willingness to ensure security of supply requires, in turn, continuing market security at prices sufficient to ensure the viability of our resource sector. I see other opportunities as well. With our own restructuring we can search out new markets within the region and give substance to the complementarity of our two economies by providing new Japanese industries with semi-processed materials.

The bonds that make Canada and Japan partners across the Pacific are strong. We cooperate in economic, commercial and political affairs. But we cannot afford to sit back in any satisfaction with the achievements of the past. Much more has to be done. We must enhance our academic relations and cultural exchange programmes. As a reflection of Canada's commitment to strengthened relations with Japan, solidified by strong bonds of mutual understanding and knowledge of each other, I am pleased to announce today the introduction of a new initiative under our academic relations program. We have earmarked an annual grant of \$50,000 for a Canada-Japan Research Award. That grant will be awarded to a Japanese institution desiring to undertake a research project on Canada, on Canada-Japan relations, or on Canada, Japan and the Pacific Rim.

Through their support of activities in the academic field, the governments of both Japan and Canada have demonstrated their firm commitment to the thesis that a strong and healthy relationship, whether at the political, commercial, or social level, can only be sustained and nurtured in an environment in which there is a sympathetic knowledge and understanding of each others national identity. Governments are not unique in their realization of the fundamental importance of strong cultural ties and mutual understanding. Indeed, business in both our countries has supported a number

of activities in the arts and academic fields. But, as I have given notice that Canada will now strive to accomplish more than ever in this area vis-à-vis Japan, so I would like to challenge the business communities on both sides of the Pacific to redouble their efforts in support of our academic and cultural relationship.

I hope to discuss later today with Mr. Abe a number of ideas that can be pursued in other areas. I am particularly interested in programs that develop among Canadian and Japanese young people a better understanding and appreciation of each other.

Canadians and their new Government are committed to our Pacific destiny. Our focus on the region has been strong and it will remain strong. We are determined to adopt the appropriate policies to advance social, economic and political cooperation.

Our commitment and determination are not idle words nor are they half-fulfilled ambition.

We have a challenge to devise a clear and a comprehensive strategy that places a sustained and indeed unprecedented emphasis on the Pacific Rim in general and on Japan in particular as cornerstones of both our national and our foreign policies.

In the final analysis, Canada and Japan's economic and political future will depend in large part on our recognizing the extent to which each of us is dependent on the other. We have to find new and imaginative ways of working together which build on a mutual appreciation of common values, common strengths, common aspirations and shared responsibilities. The challenging years ahead will test our ability to find common ground, test our ability to create an environment of shared interests that is more extensive and more profound than exists today, and to find a strength in our very interdependence, to find a strength in our reaching out to the world rather than our turning away from it.