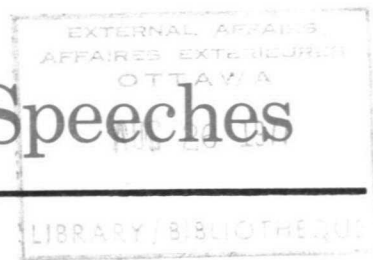


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Statements and Speeches

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CANADA AND JAPAN PROGRESS TOWARDS COMMON GOALS

A Speech by the Secretary of State for External Affairs, the Honourable Don Jamieson, at a Luncheon Given in Honour of the Foreign Minister of Japan, His Excellency Ichiro Hatoyama, Vancouver, June 13, 1977.

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I believe it is very appropriate that the first meeting of the Canada-Japan Joint Economic Committee, which Foreign Minister Hatoyama and I opened this morning, is being held in Western Canada. In choosing to have the meeting in Vancouver, I wanted to demonstrate the important and active role that Canadians in the Western provinces have played in the development of every facet of the Pacific dimension of Canada's foreign policy.

The city of Vancouver itself has an integral place in the many activities associated with this policy. It is through Vancouver that a great deal of the large and increasing volume of trade between Canada and its Pacific partners flows, and it is in Vancouver's offices and boardrooms that a number of important decisions are made concerning Canada's financial and commercial activity in the Pacific region.

This is not to suggest, of course, that Vancouver's links with the countries of the Pacific are limited to trade and financial matters. The steady stream of people going back and forth in both directions has given this city a unique involvement in and understanding of Canada's growing role in the Pacific. Universities in this city are committed in a significant way to academic study of the region. Vancouver's close cultural ties with the Pacific in the arts, theatre and even in cuisine also attest to the importance of the Pacific relationship for the life of the city.

I should like to limit my remarks today to a major element in the development of Canadian policy towards the Pacific — our important and increasingly-complex relations with Japan. When the Trudeau Government took the decision several years ago to place high priority on developing and expanding Canada's relations with Japan, it was in recognition that Japan had emerged as a global power with important international interests, primarily, albeit not exclusively, in the economic sphere. It was seen that Japan, one of the world's leading trading nations, would play a key role in the future management of the world economy. Furthermore, Japan, like Canada, is an industrialized country that shares the same basic democratic ideals and desires to respond effectively to an increasingly-complex world economic and political situation. It follows that there could be mutual advantage through increased contact on international issues.

In addition, Japan offered a vast domestic market for Canadian goods and services as well as the potential to participate in Canadian development through the provision, among other things, of welcome investment capital. We therefore drew the obvious

conclusion: an enriched co-operative relationship with Japan that envisaged closer ties in the political, economic, cultural, scientific and technological fields would support directly Canada's objective of building a sound domestic economy and reducing Canada's economic vulnerability.

It is clear, of course, that the Canadian objective of consciously enhancing the relationship between Canada and Japan could not be fulfilled unless it received a positive response from the Japanese. In this regard, I think it can be clearly stated that the Japanese Government fully shares this objective and has expressed its own commitment to strengthen and expand the ties between us.

Against this background, I want to review briefly the progress that has been made to date towards achieving Canadian objectives with Japan and to offer suggestions as to how we together can take part in enhancing the relationship in a mutually-beneficial and co-operative manner.

One major requirement has been to increase government-to-government consultation in order to encourage the Japanese Government and people to obtain a better understanding of Canada and Canadians. We have also tried to create a more systematic framework in which these discussions can take place. One example of this has been a noticeable increase in the frequency of meetings between our political leaders through bilateral visits, such as the Prime Minister's visit to Japan last October and the presence of Foreign Minister Hatoyama in Vancouver today. Indeed, since assuming my present portfolio last September, this is the third occasion on which I have held discussions with my Japanese counterpart — having already met with Mr. Hatoyama during the economic "summit" in London last month and with his predecessor at the UN General Assembly last fall. I have found increased consultation of this kind to be particularly valuable because of the perspective our two countries bring to discussions of this kind.

Such meetings also provide an excellent opportunity to exchange views on important issues such as nuclear questions, which Mr. Hatoyama and I will be discussing this afternoon. On this important question I should like to stress that there is no dispute over our basic attitude and that of the Japanese towards non-proliferation. We are both committed to the non-proliferation of nuclear weapons. The difference in views in our negotiations results from the fact that we each have to discuss the matter within the "parameters" of our existing domestic policies. This meeting will give us the opportunity to clarify our respective positions and to identify, if possible, means to reconcile the Canadian nuclear-export requirements and the energy needs of Japan.

It has also become clear that, in order to forge a more meaningful bilateral relationship, it will be essential for both Canada and Japan to change the traditional, and in many ways inaccurate, images each has of the other. Indeed a change in perception in our media and in our schools of higher learning is vital to the success of our political and economic objectives. In one attempt to improve this situation, my department has embarked upon a major academic-relations program designed to encourage the development of Canadian studies in Japan and Japanese studies here in Canada. We are also actively facilitating increased exchanges of sports groups, academic, theatre

and youth groups in order to help stimulate mutual understanding.

The challenges of fostering greater insights and changing the traditional images apply equally in the trade and economic field. We have already developed a relationship with Japan in this area that is of considerable importance and mutual benefit. This is a fact of which Western Canadians, who have supplied the overwhelming proportion of our \$2.4 billion in exports to Japan in 1976, are already very much aware. Also of tremendous significance to Western Canada is the fact that Japan's needs have been of a magnitude sufficient to justify expansion of Canadian production for the specific purpose of meeting this demand. Coal, rapeseed, copper and lead ores and concentrates, pork, herring roe and pulp are only a few examples. At the same time, Canada, with imports from Japan of \$1.5 billion in 1976, continues to be one of the largest *per capita* purchasers of Japanese consumer electronics and automobiles.

We must also admit, however, that we still know too little about each other, that misconceptions persist on both sides and that in most quarters we are not yet sufficiently aware of the potential for our relationship. I am convinced that tremendous opportunities still await us in the areas of trade, investment, joint ventures and technological exchanges. Yet traditional trade-development programs and established consultative mechanisms have not in themselves been adequate to meet the challenge fully. Therefore governments in the two countries must provide leadership and use the instruments that are within their powers to facilitate these developments. Governments have a role in setting the climate and creating conditions that will encourage positive action by the private sectors of both countries.

The Framework for Economic Co-operation signed by Prime Ministers Trudeau and Miki last October can be seen as a major stimulus to this activity. It represents the commitment of the Japanese and Canadian Governments to seek an enhanced and more balanced bilateral relationship, based on a positive pragmatic approach, mutual benefit and greater understanding of our respective economic policies. It also provides for the establishment of the Canada-Japan Joint Economic Committee that is meeting today, and for both governments to promote the development and diversification of commercial exchanges and to encourage and facilitate co-operation between our respective industries.

The further growth in existing trade will be one important element in the future of our relationship with Japan. However, there are also other important dimensions to the type of enhanced relationship that I believe is open to us.

One will be a broadening in the range of goods in which we trade. Canada wishes to upgrade the composition of its exports to Japan by increasing the proportion of processed and manufactured goods. The Canadian Government, with Japanese co-operation, has mounted an intensive trade-development program to apprise Japanese businessmen and consumers of Canadian manufacturing and export capabilities and to familiarize the Canadian business community with the market structure and opportunities in Japan.

The task is arduous and will require perseverance, but I believe there is evidence that

the trade "mix" is beginning to change. Japan is slowly growing more appreciative of Canada's sophistication and quality as a trading partner. Canadian technological achievements — as the first country in the world to design, manufacture and employ a domestic communications satellite and a highly-efficient heavy-water nuclear-reactor system, and as a world leader in STOL aircraft systems — are receiving greater attention and recognition in Japan. Intensive investigation of the possibilities for co-operation in aerospace and nuclear power is already under way, while Canadian firms have sold to Japan a variety of manufactured items, including aircraft, automotive parts and service equipment, restaurant equipment, electronics, sonars for fishing and computer terminals.

I understand that several members of the Makita Mission, a group of nine senior Japanese industrialists who visited Canada last fall, expressed concern that Canada might link its efforts to upgrade the percentage of manufactured goods sold to Japan with the continued availability of raw materials. I want to stress that this linkage is not part of Canadian policy. Canada wants to sell manufactured goods to Japan, as we do to other major industrialized countries, but I should emphasize that we do not expect Japanese companies to purchase such goods unless they are competitive. I also value our existing trade in resources and agricultural products and look forward to continued growth in this area as well.

Another dimension to the future of our economic relationship relates to investment. Forecasts indicate that Japan will greatly increase its investment abroad. Canada's development has required, and will continue to require, foreign investment. Though the quantity is still relatively small from the Canadian perspective, Canada has been an important recipient of Japanese capital in increasingly-diverse fields (\$500 million in 287-projects). As well, the Japanese have been sensitive to ensure that their investments in Canada are welcome. These capital flows have tended to be structured in a fashion that reflects the interests of the host country, emphasizing joint ventures and the use of loans as well as equity. However, I think that there are opportunities for additional investment that would be of benefit both to Canada and to the Japanese investor, and I can assure you that this would certainly be welcome.

I am aware that some concern has been raised about the investment climate in Canada. In response, I would point to the substantial continuing investment in Canada from other countries that reflects their appreciation that Canada remains an attractive place in which to invest, something which I understand a leading Japanese business magazine has itself pointed out as a result of a recent survey. Canada is going through a difficult period and there is concern within the country as well as abroad about the evolution of Canadian federalism. Let me assure you that the solution of this debate will not in any substantial way alter the fundamental soundness of my country. In 110 years Canada has been confronted with many challenges, and it has always overcome them in a reasonable and democratic way. I fully expect that Canada will come out of this debate stronger and more united than ever.

One point I have touched upon earlier is the need for Canadian businessmen to increase contacts with their Japanese counterparts. I have mentioned some of the activity our two governments have initiated to facilitate such contacts. Much has been

done, and I know there are many in the audience with extensive contacts in Japan. However, these efforts need to continue and to be intensified, for they are central to the successful expansion of economic co-operation. Several countries have formed valuable businessmen's organizations with Japan to assist in this area, and I understand that there have been some discussions in the Canadian business community concerning the formation of a Canada-Japan businessmen's association. I very much welcome this development.

As I mentioned at the start, the Canada-Japan Joint Economic Committee initiated its first meeting this morning. This meeting is another indication of the commitment both governments have made to further efforts at economic co-operation. The two major objectives of the Committee, which is expected to meet annually, are to further specific economic co-operation projects entailing increased trade and mutually-beneficial joint ventures and investment flows and to discuss economic issues of mutual interest, be they bilateral or multilateral. In addition to general questions, there will be discussion in some detail on co-operation in energy and resources, agriculture and secondary manufacturing.

This brief summary will give you some idea of the efforts that are being made to develop further our relations with Japan. I think that much has been achieved. However, the opportunities for further expansion are great and will require considerable additional effort, both by government and business. It is only in this way that we can realize the full potential that exists for mutually-beneficial co-operation between our two countries.

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