



Minister for
International Trade

Ministre du
Commerce extérieur

COMMUNiqué

No. 012

January 27, 1987.

MINISTER FOR INTERNATIONAL TRADE RECEIVES JAPAN ECONOMIC MISSION REPORT ON THE CANADIAN INVESTMENT CLIMATE

The Minister for International Trade, the Honourable Pat Carney, today received the Report prepared by the Japanese Economic Mission on the Canadian investment climate. The document was presented to Miss Carney by the Japanese Ambassador, His Excellency Yoshio Okawa.

The Report results from a high level group of business leaders which toured Canada from October 1-10, 1986 under the auspices of the Canada-Japan Businessmen's Co-operation Committee, to examine opportunities for further direct investment in the manufacturing and service sectors. The Mission, led by Mr. Minoru Kanao, Chairman of the Board of Nippon Kokan, a major steel and shipbuilding firm, was organized by the Keidanren - Japan's Federation of Economic Organizations. The Keidanren's membership consists of 100 national trade associations and 800 large corporations.

The Mission discovered a "new Canada" of economic growth and technological development. This contrasts sharply with the 1976 Makita Report on the Canadian investment climate prepared by the Keidanren. The Makita Report was highly critical of the uncoordinated federal/provincial approach to foreign investment, the lack of competitiveness of Canada's industrial products, the economy's over-reliance on natural resources, low labour productivity and fractious

.../2

Canada

labour/management relations. The Kanao Report details the improved state of federal/provincial relations and its positive implications for foreign investment, the implementation of policies to secure international competitiveness of Canadian products, successful development of high technology, improved labour relations and enhanced productivity.

Mr. Kanao's major observations are:

1. Japanese direct investment in Canada is expected to increase;
2. joint technological co-operation shows excellent potential for growth;
3. the export of Canadian manufactured goods to Japan is likely to expand;
4. Canada-Japan trade in resource products is based on long term considerations and will continue to be an important element in our bilateral commerce; and
5. joint co-operation in third countries is cited as having strong export potential.

The Report also places importance on the prospects of enhanced access to the United States market as a key element in Canada's attractiveness as a manufacturing location for serving North America.

The Minister advised Ambassador Okawa that Canada will actively pursue the investor interest the Report is generating in Japan's business community. This process has already begun. The Minister, during her November 1986 official visit to Japan, addressed investment seminars organized by the Keidanren for business leaders in Tokyo and Osaka on the Mission's findings and investment opportunities in Canada.

As a result of these meetings Canada is undertaking, among other initiatives, the following investment promotion activities:

- In early March an investment seminar will be organized by the Canadian Consulate General in Osaka in co-operation with the Osaka Chamber of Commerce.

- A high level investment mission planned by the Tokyo Chamber of Commerce & Industry will travel to Canada this June.

The Minister indicated the Report and its positive implications for investment in Canada will be highlighted in her forthcoming discussions to be held with Japanese and international business leaders at the World Economic Forum in Davos, Switzerland later this week.

Japan is the fifth largest foreign investor in Canada which represents about 2% of total Japanese overseas investments. In 1985, Japanese direct investment in Canada amounted to \$1.8 billion. This figure does not reflect recent announcements of significant investments in the automotive sector.