



STATEMENT

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**NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE CANADIAN CHAMBER OF COMMERCE IN JAPAN
AND THE CANADA-JAPAN SOCIETY**

**TOKYO, Japan
July 21, 1994**

Ladies and Gentlemen:

I am delighted to be here today. As you may know, this is my first official visit to Japan and Asia since my appointment as Foreign Affairs Minister last November. This, however, is not the first visit by a member of the new Canadian government to Japan and the region. Visits by the Governor General, the Minister for International Trade, the Minister of Transport, the Minister of Agriculture and Agri-Food and the Minister of Fisheries and Oceans, as well as the Secretary of State (Asia-Pacific) prove that the new government has indeed recognized the importance of Japan and the Asia-Pacific region in all aspects of its trade and foreign policies.

The appointment by the Prime Minister of a Secretary of State for Asia-Pacific, who assists me in my work as Foreign Affairs Minister, also reflects his personal commitment to developing Canada's relations with the countries of Asia, including, of course, Japan.

The Prime Minister made this quite clear in Seattle last November. Indeed, the APEC [Asia-Pacific Economic Co-operation] Leaders' meeting was the Prime Minister's first international function.

The purpose of my visit to Asia is to strengthen the commitment of our government to the region; to strengthen our bilateral relationship here and to express our desire for co-operation in multilateral fora. I am very pleased that I could begin this tour with Japan. Later today, I will travel to South Korea and next week I will attend the ASEAN [Association of Southeast Asian Nations] ministerial meeting in Bangkok, including the historic first meeting of the ASEAN Regional Forum to discuss security issues. I will then proceed to China and Hong Kong.

Here in Japan, my meetings with Prime Minister Tomichi Murayama, Minister of International Trade and Industry Ryutaro Hashimoto, Minister of Foreign Affairs Yohei Kono, and the Director-General of the Self Defence Agency, Tokuichiro Tamazawa, were very productive. In each encounter I stressed the importance of our bilateral relationship and discussed the challenges facing our two countries. I was particularly pleased to continue the dialogue with Foreign Minister Kono, begun earlier this month in Naples.

Please allow me to expand a bit on these points.

THE IMPORTANCE OF JAPAN FOR CANADA

Political Relations

Politically and economically, Japan and Canada are key interlocutors and partners in multilateral fora of prime importance to both of us, such as the new World Trade

Organization, the G-7 [Group of Seven leading industrialized countries], the United Nations, APEC and various other Asia-Pacific fora. Next year, Canada will chair the Economic Summit and Japan will host the APEC meetings. We look forward to working closely with Japan to ensure the success of these events.

Having participated in almost every United Nations-mandated mission, Canada has shown that its commitment to peacekeeping is beyond any doubt. In recent years, Japan too has sought a role in such activities. In recent years, Canadians have worked alongside Japanese in UN missions in Cambodia and Mozambique. In fact, Canadian military officers travelled to Hokkaido to share with their Japanese counterparts their experiences in Cambodia, and to help prepare the Japanese for their first peacekeeping operation. Our shared experiences in these operations provide opportunities for further co-operation. In my talks here, I have experienced the value of sharing the lessons we have learned from peacekeeping and working together to enhance the United Nations' capability in this regard.

In my discussions here, I have also emphasized the key importance Canada attaches to reform of the United Nations. As we approach the 50th anniversary of the founding of the UN in 1995, Canada would like to work with Japan to seek the key reforms needed to make the United Nations more effective. It is clear that Canada favours an increased Japanese role in the UN.

For its part, Japan has lent its support to Canada in our efforts to enhance the efficiency of the OECD [Organization for Economic Co-operation and Development]. We have been running a strong campaign to have an eminent Canadian, the Honourable Don Johnston, elected as the OECD's new Secretary-General. Japan has been an early and strong supporter of this initiative, for which we are truly grateful. We are confident that with such support we will be successful.

Among the highest priorities facing the world community is to stem the proliferation of nuclear weapons. Our collective peace and security is at stake. It is difficult to imagine how we could have dealt with the challenge posed by North Korea without the Non-Proliferation Treaty [NPT]. A possible North Korean nuclear weapons program is a matter of particular concern to Japan and Canada and was an important element of my discussions here in Tokyo.

The review conference on the NPT will take place in April, 1995. At that conference, Canada will support an indefinite extension of the NPT. This approach would permit the laying aside of concerns about the persistence of the treaty and its benefits and allow us to move forward in addressing the task of completing a Comprehensive Test Ban Treaty.

Canada has taken notice of Japan's intention to spend \$US75 billion from 1993 to 1998 in Official Development Assistance [ODA]. This is a very important contribution which underscores the value the Japanese government attaches to ODA. Canada has a long-standing commitment to development assistance, globally and in Asia, which began with the Colombo Plan in the 1950s. In my discussions here, I have indicated my interest in further exploring co-operation in this field with Japan, including such ideas as joint development projects and expanded exchanges of personnel. It is a matter of concern to Canada and Japan that some recipients of development assistance concurrently are engaged in major arms purchases. As our government has initiated a review of its foreign and aid policies, I believe these ideas should be considered carefully.

Canada and Japan are also members of regional fora. Next week, Foreign Minister Kono and I will both attend the inaugural meeting of the ASEAN Regional Forum in Bangkok. This will be a historic event, bringing together foreign ministers from 18 Asia-Pacific countries, including China, Russia, the United States, Vietnam, as well as Japan and Canada, to discuss regional security issues. The ASEAN Regional Forum offers the opportunity for our Asia-Pacific community to work together to develop mechanisms to prevent conflicts from breaking out and to deal with them if they do.

To achieve this, we must first develop a habit of dialogue among the key countries. This will go a long way toward building confidence and promoting transparency among countries of the Asia-Pacific region.

Economic and Trade Relations

The Canadian Chamber of Commerce in Japan and the Canada-Japan Society can testify that Canada's economic relationship with Japan is extremely important. Indeed, they have played, and continue to play, a key role in broadening the linkages between our two countries and in deepening our transpacific relationship.

With over \$19 billion worth of trade last year, Japan is Canada's second-largest trade and economic partner. Despite the economic down turn in Japan, Canadian exports to Japan grew at a rate of 13 per cent last year. With over \$10 billion dollars worth of direct investment a year in Canada and another \$46 billion invested in securities and bonds, Japan is our third-largest source of investment. Japan is also our second-largest source of tourists. Half a million Japanese visit Canada each year.

Of course, the future for expanded bilateral trade and investment will largely be determined by the health of our respective economies. Both our countries have been hit hard by the recession. Japan is also faced with structural challenges posed

by an aging society, an appreciating currency and by the need to reduce its growing current account surpluses. I was particularly encouraged in this regard by the comments of Prime Minister Murayama to the Japanese Diet on Monday.

It is our view that the Japanese government is on the right track with its efforts to promote economic growth by stimulating domestic demand through deregulation and market-opening measures. We believe this approach is the best way to deal with the problem of trade imbalances because it reflects the spirit of multilateral free trade and of the international rules-based trading system to which both our countries are committed.

As Japan's economy changes, so does its market. Expanding Canadian exports to Japan will depend on our ability to position ourselves in the most rapidly growing market segments — higher value-added products — while maintaining our traditional exports of resource-based commodities, which still make up the bulk of our trading relationship.

These changes have to be transformed into opportunities for our exporters. Canadian business has recognized the need to adapt and is working with the federal and provincial governments to develop export plans in seven priority sectors: processed foods, fisheries products, building products, information technologies, auto parts, tourism and aerospace.

I am confident that Canada's Action Plan for Japan will realize our potential in these high-priority growth sectors.

Our government believes that the consolidation, with the NAFTA [North American Free Trade Agreement], of a North American market will also create even greater opportunities for Japanese investment in Canada.

Canada-Japan Forum 2000

Many of you may be aware of the Canada-Japan Forum 2000 initiative. As we indicated in our election platform, the Red Book, we take this initiative very seriously. Prime Minister Jean Chrétien has reappointed the Honourable Peter Lougheed to head the Canadian Advisory Group — the group of private individuals assisting with the follow-up to the Canada-Japan Forum 2000 Report. I am pleased to announce that the Prime Minister has reappointed Dr. Geraldine Kenney-Wallace, President of McMaster University in Hamilton, Ontario, and has appointed Jean-Paul Gourdeau, a businessman from Montreal, Quebec, and Tamako Yagai Copithorne, a culture and communications expert from Vancouver, British Columbia, to the Canadian Advisory Group.

The Advisory Groups have been responsible for some successes in the Forum 2000 follow-up, including spurring closer Canada-Japan

co-operation on the G-7 Summit and within APEC; arranging a Japanese government Tourism Mission to Canada last September and holding a symposium on the Stewardship of the Environment initiative for the North Pacific in Vancouver in March.

We wish to build upon these successes, and in this regard I understand a meeting of the two advisory groups will be held this September in Vancouver and I am confident they will continue to expand opportunities for fruitful co-operation.

The Canadian Domestic Scene

These are interesting political times for Canada.

Our government was elected on a firm commitment to and mandate of economic growth and job creation. We know that exports and foreign direct investment will have an important role to play in this strategy. As I said earlier, Canada's Action Plan reflects our determination to promote our country's business ties with Japan.

We also know that strong fiscal management and political stability are essential to attract foreign direct investment. A strong economy is the key to a strong society. In this regard, we are gratified by the recent outlook of the OECD that suggests that Canadian growth levels in the years ahead will lead the G-7. The fact that we have managed to maintain growth levels while containing inflation and increasing productivity underlines the attractiveness of Canada as a base for investment in North America.

A number of other indicators also point to a strengthening Canadian economy. Economic growth has gained momentum over the last year, fuelled by exports and consumer spending. In fact, the recent strength of employment growth and consumer confidence suggest that the expansion is taking hold. Employment increased 178 000 since January and is now approaching pre-recession levels. Growth momentum is stronger than expected so far in 1994. Despite the rise in interest rates, real growth in 1994 will likely be stronger than the three per cent predicted in the budget. Meanwhile, inflation remains at record lows, and the Government remains firmly committed to fiscal responsibility. We are on track to achieving a reduction of the deficit to three per cent of GDP [Gross Domestic Product] in three years. Our ultimate goal, of course, is still the elimination of the deficit.

I know there are foreign investors concerned by the political situation in Canada. Investors should not be worried every time a provincial election is called in Quebec, especially when polls suggest that people in Quebec would choose to stay in Canada.

Tensions between provinces and the central government are not unique to Canada, they are part of every federal system.

Canadians expect their government to govern with honesty and integrity. Perhaps more important than a perfect constitution is the good and responsible conduct of a government. Quebec also recognizes this. The high personal standing of Prime Minister Chrétien in Quebec demonstrates that people have confidence in his leadership.

We are calm and confident on the eve of the Quebec election. We are fully confident that Premier Johnson can win. If not, let me remind you that Quebec elected a Parti québécois government in the past, then rejected its separatist proposal in a referendum, then re-elected it some months after that. Polls in Quebec today suggest a very similar duality in the minds of Quebecers.

People in Quebec have also been hit hard by the recession. They see that Canada is recovering and I do not think that they are willing to jeopardize the recovery by voting for separation.

Canada this year topped the UN Human Development index, which identifies the living conditions and quality of life around the world. Canada remains an excellent place in which to live, to work and to invest. In a turbulent and unpredictable world, Canada, like Japan, remains a prosperous and peaceful nation.

After my visit to Japan, I am convinced that the scope for our co-operation, between governments, between business, and between people, both in Asia and throughout the world, is rich and exciting.

Thank you.