

Statement

Minister for
International
Trade



Déclaration

Ministre du
Commerce
extérieur

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AS DELIVERED

AN ADDRESS BY
THE HONOURABLE TOM HOCKIN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE CANADA-JAPAN INDUSTRIAL CO-OPERATION FORUM
INAUGURAL MEETING

TORONTO, Ontario
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Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada

Canada

Thank you Mr. Toyoshima.¹

For the past several weeks I've been talking to Canadians from every walk of life -- talking about their hopes and fears, their ambitions, their concerns. From what I have seen and heard, it is clear to me that Canadians understand that we need to remain competitive, confident citizens of the modern world. We understand, fundamentally, that we have got to be in the global game; that our future depends on it.

That's what brings me here this evening. I wanted to join you for this inaugural meeting of the ICF [Canada-Japan Industrial Co-operation Forum] because I believe the forum can play an important role in forging mutually beneficial partnerships between Canadian and Japanese firms. These partnerships, in all three areas of industrial co-operation -- trade, investment and technology -- will help us both cope better with the global marketplace.

I am also glad to support this fledgling organization because it is built on the concept of private-sector-led co-operation. We are talking about a partnership between Japanese business, as guided by the Japan External Trade Organization [JETRO], and Canadian business, as represented by the Canadian Chamber of Commerce, the Canadian Manufacturers' Association and the Canadian Exporters' Association.

By bringing Canadian and Japanese business people together, the forum sets the stage for co-operation and growth.

I hardly need to tell anyone here tonight about how important Japan is to Canada.

- It is our second-biggest export market. Last year Canadian merchandise exports amounted to over \$7.4 billion. This year, according to a recent projection by my department, we should hit \$8.4 billion!
- Japan is our third-largest source of foreign direct investment, currently about \$7.2 billion, creating thousands of Canadian jobs and introducing exciting new technology and management techniques.
- It is our second-largest source of portfolio investment -- about \$54 billion worth, at last count.
- Japan is also our largest overseas source of tourism revenue, running at about \$434 million a year.

¹ Chairman, Japan External Trade Organization

And Japan's importance to Canada extends far beyond those figures. The reason is clear: Japan is at the centre of the most dynamic region on earth -- Asia-Pacific.

With a population nearing two billion, an aggregate gross national income twice that of the European Community and growing rapidly, and as the source of nearly 30 percent of global trade, the Asia-Pacific region has become an economic powerhouse of vital importance to the world and to Canada.

Japan is at the heart of this region, and that's why it is so important for Canada to have a close working relationship with that country.

The challenge we face with respect to Japan -- how to maintain and expand our economic, industrial, and cultural links during a period of rapid change -- is the same challenge we face for the entire Asia-Pacific region. And it is a challenge that the Industrial Co-operation Forum will help us to meet.

I think we know what the challenges are for Canada in building its links with Japan. They were well articulated in the Canada-Japan Forum 2000 report presented to the Japanese and Canadian prime ministers by the co-chairmen, Mr. Yoshio Okawara and the Honourable Peter Lougheed, last December.

Let me quote just one paragraph from that report, which gets at the root of the challenge both sides need to address:

We believe that co-operation potential far exceeds what actually exists, and has perhaps been inhibited by outdated stereotypes of our two countries.... Neither stereotype acknowledges the way in which the Japanese economy is evolving or the existence in Canada of intellectual and entrepreneurial resources capable of high levels of value-added on commercial technology-based activities.

I am happy to say that even in the 10 months since that report was written, much has been done to break down those stereotypes, to strengthen our mutual understanding and co-operation.

On the trade side, the key development, of course, has been the development of a Canadian Action Plan for Japan, launched in May of this year by my predecessor, Michael Wilson. We have brought copies of it here today.

The Action Plan recognizes that while Canadians must maintain our traditional exports to Japan -- lumber, coal, wood pulp, copper ore, and bulk foods -- future growth and development will depend on how well we adapt to the new demands of the Japanese market for value-added products.

With that in mind, the private sector, working in partnership with the federal and provincial governments, has developed action plans in seven priority sectors: processed foods, tourism, information technology, auto parts, forest and building products, aerospace, and fisheries products.

There is a lot happening in each of these sectors, from seminars to trade shows to incoming and outgoing missions.

One such mission I was particularly glad to see was the Japanese Ministry of Transport Tourism Mission to Canada. In my previous incarnation as Tourism Minister, I pushed hard for Japan to choose Canada as a site for this prestigious mission, and I was pleased to have succeeded. The group toured Eastern and Atlantic Canada, and met with Canadian tourism industry leaders in Montreal on September 21.

At that Montreal meeting, the two sides set some extremely exciting targets: to triple the number of Japanese visits to Canada from the current rate of about 500 000 to 1.5 million, and to raise the number of Canadian visitors to Japan from the current level of 60 000 to 500 000. To attain those goals will not only bring benefits to our respective tourist industries, but will also help build mutual understanding -- dissolving those stereotypes that I mentioned earlier -- while increasing investment and trade.

Let me single out one more example of the kind of partnership-building that is taking place between our two countries: the Japan Manufacturing Engineer Exchange.

One week ago, seven Canadian engineers started a three-month course in Japanese language and culture. After that, they will go to Japan and work on the shop floor at leading manufacturing companies for up to one year before returning to their Canadian operations. The knowledge and contacts -- and I'm talking about business-to-business contacts -- they bring back will, I'm sure, spin off into exciting new developments down the road.

Many Canadians have already made that journey, and the fruits of their efforts are clear not only in our strong trade and investment figures, but also in individual success stories.

I'm thinking of stories like Murphy Aviation, in Chilliwack, B.C., and their agreement with a group of Japanese business people to produce 50 new ultra-light aircraft specifically designed for the Japanese market.

I'm thinking of the KAO Infosystems decision to invest another \$30 million in their Arnprior, Ontario, computer diskette facility, quadrupling production.

I'm thinking of Smart Technologies of Calgary, and the distribution arrangement they struck with Suzucom, a partnership that has given Smart Technologies access to the Nippon Telephone and Telegraph Company -- Japan's largest firm.

Just a few weeks ago there was the welcome announcement that Toyota will put up a \$30-million engine factory in Cambridge, Ontario, building on the success they've experienced with their Corolla assembly plant.

There's Northern Telecom, Dare Foods, Labatts, and Kaufman Footwear -- the list goes on and on. And I certainly hope that through the efforts of the Industrial Co-operation Forum, it gets longer and longer. As Messrs. Okawara and Lougheed said in their report: "Almost any sector where products can be custom-designed to fit Japanese needs will find a market."

The trick is to alert Canadian firms to the opportunities, adapt our products to Japanese requirements, and promote them to our advantage. As I said earlier, I believe that process is well under way. Through your efforts and the efforts of Canadians from coast to coast, I am sure we will see the bilateral relationship develop to our mutual advantage in the years to come.

Thank you.