

close to those held by the Japanese. We believe, of course, that there are good economic and political reasons for engaging in this trade provided that respective interests are reasonably balanced.

Canadian Trade with Japan

Trade between Canada and Japan is, of course, at the centre of many of our discussions with Japanese representatives. It is very satisfying that this trade is already extensive and that there are reasonable prospects for its continuing to increase fairly quickly. Exports and imports total about \$600 million this year.

In large measures, of course, the two economies are complementary. There has been an impressive increase in trade between the two countries during the period 1954-1965. Canadian exports to Japan increased more than three times and imports from Japan increased twelve times. Japan has become our third largest single export market and our fourth largest supplier. We would hope that in addition to other factors stimulating trade, Expo 67 and the World Exposition in Osaka in 1970 will make their contribution to expansion.

Possibilities of Improvement

It is natural that with trade being conducted at very high levels by nations with as strong a desire for commercial expansion as Canada and Japan, there should be areas requiring discussion, some difficulties and various promising possibilities of improvement.

I believe that there are four points with respect to which we should look for improvement or solution to some problems:

- 1) rate of growth
- 2) make-up of our trade
- 3) barriers to trade
- 4) capital investment