

the same time, however, most of the international raw materials markets are uncertain and highly competitive. For this reason, the basic bargaining power of buyer and seller varies from time to time and from commodity to commodity. It is therefore neither realistic nor desirable to attempt to set up inflexible processing standards to apply to the whole range of raw-materials industries.

53. With these factors in mind, however, the Committee has concluded that, whatever the past considerations, it is no longer economically desirable (or perhaps necessary) for the great bulk (as much as 65%) of Canadian exports to be shipped to Japan, as the Policy Paper says, "in their newest transportable and least profitable form". Some of the Committee's testimony is encouraging about the prospects for improvement. Mr. Robert Bonner expressed the following view:

. . . having become a dependable, responsible, and large-scale supplier of many Japanese raw material requirements over the years we can interpose the legitimate viewpoint that we ought to be upgrading the quality of those exports to Japan in every possible way. When I had something to do with this subject as a matter of public policy, these points were touched upon with various Japanese delegations with whom I met. There was not at that time any resistance to this idea . . . so I think that there is on the Japanese side frank recognition of legitimate aspirations of this sort which might be voiced on our side. (p. 3:7)

54. These opinions were corroborated by the testimony of the Canada-Japan Trade Council. The Council's president, Mr. R. L. Houston, put it this way:

It might be a very interesting exercise were Canadian suppliers of basic raw materials . . . to suggest to their Japanese counterparts during contract negotiations that more Canadian content in shipments was desirable. There is nothing that I know of to indicate that Japanese businessmen would be adverse to a proposal that a greater degree of processing or even manufacture be undertaken in Canada before shipment. In such a proposal, of course, it would be desirable to see that it made sense commercially. (p. 11:7)

55. It has also been pointed out that Japan itself, while remaining dependent on imported raw materials for its industries, will almost certainly be shifting to a more sophisticated technological level of production over the next decade or two. This fact, combined with problems of pollution and labour shortages, make it very likely that Japanese industry will be less interested in processing raw materials at home and that Japan's "foreign investment will be made increasingly in projects which involve processing of raw materials to a progressively higher degree abroad." (p. 11:9)

56. It seems clear from this evidence that it would now be opportune for Canada to begin redressing this imbalance. The Canadian claims are reasonable and, for various reasons, the Japanese should be increasingly amenable. However, it is only reasonable to expect the primary initiatives should come from the Canadian side. There emerges the recurring problem of "fragmentation". Varied interests, including different provincial jurisdictions, are involved in the resource industries concerned. Japanese negotiators, who are able to represent concerted national policies, find no equivalent counterpart in Canada. With open competition among supplying industries and jurisdictions, it is of course difficult to set up and enforce consistent regulations or legislation. The Committee considers this an urgent priority for