

I think it natural that we should not want to see this situation continue indefinitely. Canadian representatives have expressed the view that both countries have a large potential for increased trade. They have also expressed the wish that this trade should increasingly take the form of exchanges of processed goods.

In some instances, of course, the reason for Canadian difficulties in selling manufactured goods lies in highly competitive production in Japan. In other instances, high tariffs or quantitative import restrictions have adversely affected exports. It is in this latter field that we should hope progress could be made.

Barriers to Trade

The Ministerial meeting gave a good deal of attention to what representatives of the two countries considered to be the main barriers or restrictions to trade moving in either direction. It is some indication of the friendly spirit of the meeting that we could discuss frankly and in very specific terms the views of the two sides on these problems.

Canadian representatives described tariff barriers, quantitative restrictions and a variety of technical and administrative obstacles encountered by Canadian exporters. We naturally laid stress on our hope that ways would be found to overcome these obstacles, both in the multilateral context of the "Kennedy round" and in our bilateral discussions with Japan.

On the Japanese side, emphasis was placed on the difficulties which they have encountered in exporting to Canada, in particular the effects of the voluntary export restraint system.

We recognize that there are difficulties for the Japanese in applying export restraints of this kind, but have pointed out in our conversations with them that this system has unquestionably allowed a greater volume of sensitive imports into Canada than would have been feasible if Canada had had to set up import quotas. We have also pointed out that, in practice, Canada accords more liberal terms of access of imports of sensitive goods from Japan than does any other industrialized country.

Furthermore, the percentage of Japanese exports to Canada affected by these measures has rapidly decreased and now amounts to only 10 to 15 per cent of Japanese sales here. We are prepared to agree to the lifting of the remaining restraints as soon as they are no longer necessary to prevent disruption of Canadian markets - for example, in 1966 Canada agreed to the removal of transistor radios and certain textile items from the list of restraints.

I should add that there has been no question of restraints at all on an important range of exports from Japan developed during the last few years, where sales have increased very rapidly -- including such sophisticated products as cars, motor-cycles and cameras. I believe the recent Ministerial meeting was useful in clarifying the facts and our point of view on this whole problem.