
The "consultative arrangements" provide for the establishment of a Joint Economic Committee, composed of senior officials, which would normally meet once a year to review the progress of the Framework's implementation and to discuss current economic issues of both a bilateral and a multilateral nature, of interest to both sides. The first meeting is scheduled to be held this June in Canada.

The signing of the Framework has, I believe, created a co-operative atmosphere in which officials and businessmen can now conduct their activities, but I should stress that it is basically that, a *framework*, and it will be up to the private sector, in particular, to give it substance. Provincial governments must also be involved if we are to make progress with the Japanese, and I am pleased to report that considerable effort is being expended to secure their co-operation in co-ordinating our respective responsibilities.

We must be alert, however, to changing Japanese perceptions of Canada, which could alter this situation. They have on occasion expressed concern at trends in federal-provincial relations, labour-management problems and the different roles of government and business as compared with Japan.

Another achievement of Prime Minister Trudeau's visit to Japan was the signing of a cultural agreement to promote the exchange of people, including professors and students. While of obvious intrinsic value, the cultural agreement has beneficial "spin-offs" in our economic relations. Increasing contact between peoples leads to greater appreciation in some quarters of economic capability, and often this leads to increased trade.

In addition, the two prime ministers reaffirmed the commitment of their two countries to continue the increased consultations on international political and economic questions.

Australia and New Zealand

Last September, the former Secretary of State for External Affairs visited both Australia and New Zealand. One of the major purposes of this trip was to demonstrate Canada's strong interest in expanding its relations with the South Pacific countries and to emphasize the importance of these countries to Canada's trade. Indeed, total Australian-Canadian trade approached \$700 million in 1976.

In January, Mr. Gillespie visited Australia, and agreement was reached to exchange on a regular basis information on energy developments.

The Australian economy has shown considerable improvement in the past year. Nevertheless, serious economic problems continue despite devaluation of the Australian dollar by 12.5 per cent, and inflation is expected to be at least 10 per cent this year.

In New Zealand, serious economic problems comparable to those in Australia continue to plague that country. Economic difficulties accounted for the import-deposit scheme, which has been extended to the end of August. Canada continues to push for its removal.
