

Another area of potential Canadian involvement is in development of commodity-based industries. One of the weaknesses of the reliance of many economies on commodity exports is that relatively little of the processing of these commodities takes place in the producing countries. The developed countries take care of most of the refinement and, hence, differentiation and value-added of commodities. Increasing the vertical structure of industry in the LDCs, via more refinement of raw materials in order to export a more finished product, would raise the level and lower the variability of economic performance in those countries. Canadian industry could provide the most assistance in wood and metal-based industries. Refinement and fabrication, rather than extraction facilities, should receive the most emphasis. Canadian involvement could come through joint ventures and other technology-sharing methods, giving Canada increased ties to and prestige in the partner economy, as well as initial exports of capital goods, without placing Canada in an exploitative position.

A third area of potentially significant trade development over the next decade is the People's Republic of China. The country's huge population and growing openness to foreign economic involvement provide many opportunities for Canadian trade. These come in all areas, including transportation and communications, energy generation and transmission, and the consumer market. With China, Canada's historically good relations boost the advantages offered by Canadian membership in the Pacific Rim community.

All the considerations enumerated with regards to end products exports should not belittle Canadian exports of primary commodities. Canadian exports of wheat, fish and other foodstuffs, and of wood, metals, and their products are a large part of the economy. These exports can be stimulated in several ways. Most basically, a general rise in the incomes of countries in Asia Pacific will entail increased imports. Improved economic conditions will hopefully enable these countries to diversify away from emphasizing agricultural and raw material production, by increasing industrial demands for labour and lowering export reliance on commodities. With an accompanying liberalization of world commodity trade, especially in food products, Canada's comparative advantage in wheat, fish, and meat production will come to the fore. Increased consumption in world economies will stimulate demand for Canadian wood pulp and paper and metals and ores, as Canada remains a major supplier of these to the world market, and they serve as the inputs to many consumer products.

Nevertheless, the main focus of Canadian trade promotion efforts should be directed at the sectors in which assistance will provide the largest payoff. These areas clearly lie in the growing fields of high-technology industry, and Asia Pacific is the likely source for economic expansion as the world enters the next century. It already presents a highly integrated market whose members are showing signs of breaking away from the economic tutelage of Japan, just as Japan has left behind its dependence on the United States. As the NIEs develop consumerist traits, as their vacated niche is filled by members of ASEAN, who will themselves become NIEs, and as China, India, and