

Throughout 1979 there was further progress in developing the economic ties which remain the major element within the Canada-Japan relationship. Japan continued as Canada's second largest national trading partner, with two-way trade up 18% to \$6.24 billion. Canadian exports to Japan increased 33 percent over 1978, reaching \$4.08 billion. Japan's exports to Canada declined slightly to \$2.16 billion, leaving Canada with a trade surplus of \$1.82 billion, over twice the 1978 figure (see breakdown in attached table). Japan is Canada's largest agricultural market, with farm products (principally rapeseed, grains and pork) accounting for the largest percentage (35 percent) of Canadian exports to Japan. Japan is also Canada's primary market for coal, while copper, lumber, wood pulp and fish products are also important export items. Some steady progress continued to be made in increasing sales to Japan of upgraded and manufactured products.

Two-way trade should continue to grow, along with a greater awareness in Japan of Canada's sophisticated industrial capacity and quality as an economic partner. In 1979, economic cooperation activities expanded or maintained their previous momentum (notably in energy, forest products and housing) and possible new areas for joint ventures and Japanese investment in Canada were explored. Canada has maintained its efforts to market the CANDU reactor. The second meeting of the Canada-Japan Joint Economic Committee was held in Tokyo in March, 1979 (a third meeting is scheduled to be held in Canada in 1980), and a large number of government/industry missions were organized in both directions.