

fairs, seems to be that these shortages are now being rectified. While total balance is not necessarily to be expected, it is probable that China will increasingly press for Canada to accept more of its exports in return for a continuing and growing place in the Chinese market.

China continues to provide a substantial and reliable market for Canadian grains. There are also encouraging signs that China will in future buy a widening range of Canadian goods, including forest and mineral products, machinery and transportation and communication equipment.

In the next few years, Canada is likely to meet increasing competition from other Western countries for the Chinese market in most product-areas. While spectacular growth should not be expected, however, the Committee believes that with the proper selling efforts, the Chinese will continue to be favourably disposed toward Canadian exports.

AUSTRALIA AND NEW ZEALAND

Canadians too often underestimate the importance of their economic relations with Australia and New Zealand. Each of these countries has long provided a substantial market for Canadian goods, especially job-producing manufactured and semi-manufactured products.

For all concerned, it will be essential to re-negotiate the full range of mutual preferences on a bilateral basis once the Commonwealth preferential system comes to an end, as a result of Britain's entry into the E.E.C.

OTHER COUNTRIES

In general, Canada tends to have a favourable balance of trade with the developing countries of the Pacific region and especially with the least-developed among them. Various factors are involved, but major adjustments will have to be made if these countries are to be helped to help themselves by expanding their exports.

It seems likely that private investment, particularly under joint venture or management contract arrangements, will be a key factor in Canada's future economic relations with most of the developing countries of the area. A formula which has been highly successful in the past, and may prove increasingly essential in the future, is the "package" approach to developing new industries.

THE CANADIAN APPROACH

In view of the urgent need for improved co-ordination in Canada's economic relationships in the Pacific, the Committee recommends that further action be taken on the Policy Paper's proposal for the establishment of a joint Pacific economic advisory council. If it can be assured that the representation of the Pacific Basin Economic Council is sufficiently comprehensive, the Committee recommends that the Government take a joint initiative with the Canadian Committee of P.B.E.C. to establish arrangements for continuing consultation on a firm and regular basis, rather than creating a new advisory council.