

Pacific — the U.S.A., Japan, Canada, Australia and New Zealand — is increasing at an average annual rate of 15 per cent. If this continues, such trade (apart from Canada/U.S.A. trade) would amount to more than \$20 billion by 1972. Canada has a favorable trade balance with our main markets in the Pacific area, which helps to balance our trade exchanges with the rest of the world.

Western Canadian trade in the Pacific is proportionately even more important. Of the 54 commodities from Canada selling in Japan in amounts beyond \$1 million a year and accounting for 93 per cent of our trade with that country, 48 originate in Western Canada. A similar situation exists *vis-à-vis* other Pacific countries. The growth of our commercial interests in the Pacific has stimulated the growth of Western Canada industrially and in terms of population.

### **Closer Ties With Japan**

In Alberta today good work is being done to foster our economic co-operation with Japan by the development of coal and copper and other commodity resources. The Japanese market is one of the fastest-growing in the world and Japan, in turn, has much of interest to sell here. We are continually expanding our economic trade and investment ties with Japan. The Japanese have already invested a great deal in Western Canada — some \$100 million by the end of 1968 — and this investment is expected to increase substantially in the future. We have pointed out to our Japanese friends that the content of our exports to Japan could easily be upgraded to their benefit and ours. If, as seems to be the case, the Japanese prefer to arrange long-term contracts for raw materials, this same approach may be followed for other important areas of trade, such as cereals and tobacco. We expect that the Japanese will continue to liberalize their market as they have already begun to do. Their remarkable progress economically in the last years certainly shows that their economy compares favorably with the most advanced countries in the world.

I do not wish to make a catalogue today of our economic relations with all countries in the Pacific basin. The case of Japan alone is convincing. Our trade relations with Australia and New Zealand are good and growing; we are at present engaged in a renegotiation of our trade agreement with New Zealand and have every hope that this will result in a satisfactory new arrangement for both parties.

Large sales of Canadian wheat to the Chinese have been made in recent years. We expect these sales to continue and, we hope, increase. At the same time, trade is a two-way street and the Chinese rightly expect us to provide them with trading opportunities consistent with normal bilateral trading obligations.

Among the most important items in Pacific trade are commodities of various kinds, for a number of which commodity arrangements have been