

remarkable growth in the extractive and manufacturing industries of Western Canada. Over the past 30 years developments in Asia have also brought home to Canadians as never before the realization that Canada is involved despite our apparent geographical remoteness. The upheaval in China following the Second World War, the Korean War, and more recently the Vietnam War, have prompted Canadians to be concerned with the way in which the world's peace and security is affected by events in East and Southeast Asia. All this has led to a fresh recognition of the obvious fact that Canada is a Pacific as well as an Atlantic nation, and to a reassertion of this fact as a firm principle of our foreign policy.

I cannot tell you in precise terms how we propose to translate this general assertion into tangible policies. In our comprehensive review of Canada's foreign policy, we have in this area of the world concentrated so far only on the question of China and have still to tackle the broader question of our relations with Asia and the Pacific at large. In any case, the evolution of foreign relations in a democratic and pluralistic society is to a great extent a natural and organic process, especially for a country such as Canada, which has neither the power nor the desire to impose solutions. In reformulating our relations with the Pacific community, we are dealing in many instances with forces which are beyond our capacity to control, and in this sense Canada's role is responsive - I hope our part will be constructive and not without influence, but inevitably it will not be that of a prime mover. Our policy must be a response to felt needs and interests; but these are growing in Canada, and therefore it will be incumbent upon our Government to take deliberate steps to guide and quicken our relations with the countries of the Pacific.

### Japan

Foremost among the countries with which closer Canadian ties are being forged is Japan. In economic terms this country has come to be of tremendous importance to Canada. Japan is at present our third-largest trading partner, competing for second place, and bilateral trade between Japan and Canada last year amounted to almost \$1 billion. We have traditionally been large-scale suppliers of the basic primary commodities required by the Japanese economy. But we are also anxious to secure a greater opportunity for our producers to compete with more highly-processed products in the Japanese market, and we look to the disappearance of impediments, many of which are out of date in the Japanese economy of today, to our export trade in these goods and in agricultural products.

In the other direction, Canadian imports from Japan have since the conclusion of the first Canada-Japan Trade Agreement in 1954 increased more than sixteenfold. The vast majority of these imports are fully manufactured goods, and there are times when sales of a few Japanese products occur at levels which cause disruption in the Canadian economy. We feel obliged to state our position frankly in such cases, and we expect an understanding reaction from our Japanese friends. The healthy state of our relations and our shared interests are such that they can readily withstand these differences. There has also been a substantial increase in the amount of Japanese investment in Canada in recent years. We have noted with satisfaction Japanese participation in the development of natural resources in British Columbia and Alberta and we should welcome more Japanese investment, particularly in our manufacturing industries.