

up-to-date, mature economy. There are some good economic reasons for this; we need job opportunities in all parts of Canada; we need to hedge against sharp fluctuations in commodity markets; we need to provide career opportunities for our bright young people; we need to participate in the more rapidly expanding sectors of international economic activity -- the high technology industries. I know you will understand this in Japan.

We want to produce and specialize in the things we do well. This means we need markets not only for our industrial raw material but for our manufactured products too -- markets not only in the U.S., but overseas as well.

In searching for these markets we obviously look to Japan. The "economic miracle" for which you deserve praise has created here a large and rich domestic market. Apart from supplying raw materials and foodstuffs, we have not been able to penetrate it. As I have said, less than 3 per cent of our total exports to Japan were in the form of end-products. This compares badly with our performance on other markets. As a simple example, about 45 per cent of our total exports to the U.S.A. are fully manufactured. In the Philippines, over 60 per cent of our sales are in manufactured form.

In the process of solving our problems of distances and climate, and of developing our natural resources, we have created a body of original technology and products. We know we have competitive products to offer. What we do not have is success in selling in your market, and the question then is why not. There may be several reasons. It may be our fault, it may be your fault, or both. As Mr. Fujino, the President of Mitsubishi, said in the course of his economic mission to Canada last summer, Canadian businessmen do not try hard enough in Japan. He said that they should become more market-oriented, and that they should better familiarize themselves with Japanese business customs and consumer tastes. Mr. Tanaka, your Minister of Trade and Industry, said the same thing in our ministerial meeting in Toronto last September. We acknowledge that there may be a lot of truth in that, which is why we have included a large group of businessmen in the present mission to Japan.

But I think there are other reasons for our lack of success in selling our manufactured products to Japan. Specifically, I am concerned that Japan's import rules and practices seriously restrict Canadian sales opportunities. We recognize that considerable progress has been made by Japan in the dismantling of direct import controls, and we are looking forward to further progress. In our view much remains to be done. For example, although most Japanese imports are no longer under direct quantitative restriction, each and every import transaction still requires an import licence or a form of administrative approval. We are also concerned that in a number of cases import items of interest to Canada have been liberalized but that at the same time tariffs have been increased, and we are concerned that other items of special interest to Canada remain under quantitative restriction. We wish to discuss these matters. I am sure that the exchanges I am having with Mr. Tanaka and other ministers through this week, and the discussions our Canadian businessmen are having with leading Japanese industry representatives, will be most useful in providing a mutual understanding of each others points of view.