

"the continuation of the orderly development of Japanese motor vehicle exports to Canada." The forecast was based on an anticipated total Canadian market of 917,000 passenger car units, according to a Department of External Affairs communiqué of June 12. However, the Minister noted that Canadian domestic sales had risen by 18 percent since the conclusion of the last understanding between the two countries. As a possibility existed that the Canadian market might expand beyond the projected 917,000 units, a new agreement was included in the understanding whereby a review of the situation in early January 1985 would be possible. Should it be determined that Canadian sales had expanded "substantially" beyond the earlier figure, Japan might then increase exports up to a limit of 170,400 units. The 166,000 unit figure was itself an increase of 13,000 units over the previous year's importation (*The Citizen*, June 12 and 13).

Mr. Regan indicated that the Japanese share of the Canadian market, roughly 18 percent, was in line with its share of the US market. He also stated that the understanding represented a contribution to the consolidation of the recent recovery of the Canadian automotive industry by facilitating "necessary restructuring and modernization" in Canada. The understanding further helped to foster "a mutually advantageous automotive relationship" between Canada and Japan, supported by recent indications of "greater participation" by Japanese motor vehicle manufacturers in the Canadian automotive industry (see "International Canada" — Japan, April and May 1984).

However, the quota agreement figures were criticized both as too low by Japanese automobile dealers and as too high by domestic manufacturers. Speaking in the Commons June 13, Derek Blackburn (NDP, Brant) expressed his disappointment at the increased level for imports and the lack of positive achievements in securing "greater investment commitment." He was answered by then-International Trade Minister Gerald Regan, who stated that the levels indicated in the understanding reflected a desire to "achieve a level that would keep pressure on them [the Japanese] to continue the very good start they have made with negotiations in this country." Mentioning the trade imbalance between Canada and Japan (heavily in Canada's favor), Mr. Regan stressed that present policy created "more jobs by our exports than our imports are costing us."

Visit of External Affairs Minister

External Affairs Minister Jean Chrétien visited Japan July 9 to 11, meeting in Tokyo with Prime Minister Yasuhiro Nakasone and Economic Planning Minister Toshio Komoto. Mr. Chrétien also participated in the fourth annual Canada-Japan Foreign Ministers' Consultations with Shin-itaro Abe, where discussions focussed on a wide range of bilateral and multilateral issues of concern to both nations (Department of External Affairs communiqué, July 5).

Topics covered in the series of meetings included the Third World debt problem, high interest rates and protectionism in the West, and bilateral issues such as the automotive industry and Candu nuclear reactors, according to Mr. Chrétien (*The Citizen*, July 10). Mr. Chrétien urged Japanese auto manufacturers to increase their participation in the Canadian auto industry, and called upon Jap-

anese companies to honor contracts with Canadian coal suppliers who were under pressure to reduce "both volume and price" of shipments "despite massive capital investment to build their capacity to meet Japanese" requirements. The Minister also presented an invitation to Prime Minister Nakasone for a Canadian visit, which was accepted without indicating a time commitment.

LNG Project

The participation of financially-troubled Dome Petroleum Ltd. in a multi-billion dollar project for the shipment of liquefied natural gas from British Columbia to Japan by pipeline and tanker was drastically reduced in late June when Dome chairman Howard MacDonald announced June 29 that his company was abandoning management of the project (see "International Canada" — Japan, April and May 1984). Mr. MacDonald indicated that Dome Petroleum, which had initiated the scheme in 1980, would reduce, if not "completely withdraw," its planned investment, according to a *Citizen* report June 30. Dome, said Mr. MacDonald, was no longer in a position to undertake an 80 percent investment in the scheme, but its withdrawal from management might induce other investors to proceed with the mega-project.

The two minority partners, Union Oil of Canada and Nisho-Iwai of Japan (each committed to a 10 percent investment), would be required to secure additional investment to cover Dome's 80 percent share. Only the Japanese firm has indicated an interest in increasing its investment share, but analysts have noted that any substantial increase might raise problems with Canada's Foreign Investment Review Agency. Union Oil vice-president John Vandermeer stated that "if there are no other partners who join, the project will die on the vine" (*The Citizen*, June 30).

PAKISTAN

Oil and Gas Sector Contribution

On June 20, then-Deputy Prime Minister Allan MacEachen announced a \$40 million increase in Canada's contribution to the development of Pakistan's oil and gas sector, through the provision of Canadian advisers, technical services and equipment. The increase was designed both to enhance that country's oil and gas production capacity and to offset increased oil import costs. (Pakistan currently relies upon the importation of 90 percent of the crude petroleum it consumes annually.) The funds will be administered over the next five years by CIDA in order to improve Pakistan's self-sufficiency in this sector through "expanded training, development and production activities," according to a CIDA news release of June 20.

The plan calls for the development of "specialized curricula" by Canadian advisers hired by CIDA and the teaching of trainers at Pakistan's Oil and Gas Training Institute. Some placement of Pakistani oil and gas personnel in Canadian institutions and industries was also envisaged. Other Canadian specialists would be concerned