

between Canada and these countries as the Commonwealth (or British Preferential) system comes to an end. This seems to be fully recognized on all sides, and has been a frequent topic of discussion among representatives of the three countries in the recent past. Arrangements made in 1970 with both Australia and New Zealand should provide improved opportunities for close and regular consultation on economic matters at decision-making levels.

80. Apart from mutual trade, this consultation can be very beneficial on a number of broader economic issues in the Pacific region. The three countries share a common background and natural links of many kinds. As middle-ranking members of the Pacific community, however, the similarities of approach are reinforced by tangible common interests, particularly in the case of Canada and Australia. The two economies are competitive in many fields. This competition, no matter how vigorous, has not prevented cooperation, as in efforts to stabilize world trade in agricultural products. This experience (and the precedents of co-operation among producer-countries of other commodities) can and should be extended. Canada and Australia share an interest in a number of industrial raw materials flowing to a number of shared markets. It could be valuable for the two governments to maintain close consultation on matters of common concern (such as processing requirements) involved in this trade.

81. Canadian investment in Australia has been estimated at approximately \$400 million, distributed among a number of resource development and manufacturing industries. The Committee's evidence suggests that this will continue to grow. With respect to foreign investment in general, Canada and Australia once again have similar problems, and the sharing of experience may prove increasingly useful.

#### *Other countries*

82. Most of the remaining countries of the Pacific region are developing countries, at various levels of economic progress. Among them are a number which are already important to Canada in the fields of trade and investment, and several others which are certain to become so in the future. To the extent that these economic relationships bear on the general effort to advance development in the Pacific region they will be discussed in the succeeding chapter. However, it is to be noted that Canada tends to have a favourable balance of trade with the least developed of these countries. This reflects some natural economic forces, and, in some cases, the flow of aid-financed goods from Canada. It also illustrates the extent of the tasks which lie ahead if these countries are to be helped to help themselves by expanding their exports. In this process, of course, they will also offer expanding markets for Canadian exports of all kinds.

83. The more industrialized countries and territories of this group, such as Hong Kong, Singapore, Taiwan and South Korea, maintain healthy levels of exports to Canada. They have implemented voluntary restraint arrangements for certain commodities, so as not to unduly disrupt Canadian industry. The Committee's comments above on protection against certain Japanese imports generally