

Japan in 1977 reached \$2.54 billion, an increase of 6.3 per cent over the previous year. Japan is now Canada's largest agricultural market, and in 1977 agricultural products accounted for the largest part (35 per cent) of Canadian exports to Japan. Japan is also Canada's primary market for coal, which last year constituted 22 per cent of Canadian exports to that country. Progress was also made in Canada's efforts to increase sales to Japan of upgraded products, exports of which were up approximately 13 per cent over the previous year. In 1977, Canada had a trade surplus with Japan estimated at \$700 million.

Economic co-operation activities between Canada and Japan have continued to grow, with numerous discussions on joint ventures and on Japanese investment in Canada. These maintained the momentum already developed in a number of important sectors - notably energy, forest products, housing and aerospace.

The Japanese Government and private corporations headed by the Japanese Petroleum-Development Corporation, which are already involved in a heavy-oil project in Alberta, are currently negotiating further participation in oil-sands development.

The private sectors of both countries have shown considerable interest in enhancing their contacts and in involvement in the development of economic ties. On their own initiative, they established a Canada-Japan Business Co-operation Committee, composed of senior representatives of business communities in both countries. The Canadian Government has indicated its support and its desire to work closely with the committee in the development of bilateral trade and economic relations.

At the ministerial level, the process of consultation was strengthened by a variety of multilateral economic consultations, particularly at the London "summit" meeting, the multilateral trade negotiations and the meetings of the Conference on International Economic Co-operation. In addition, two federal ministerial missions went to Japan during the year. In April, the Secretary of State, John Roberts, paid a visit to Japan, examined various aspects of the growing

Canada-Japan cultural relation with the Japanese Minister of Education and delivered an important address on Canadian unity while he was in Tokyo. Otto Lang, Transport Minister and Minister Responsible for the Wheat Board, visited Japan in October to meet with his Japanese counterparts, with whom he discussed a variety of subjects, including grain sales, the short-takeoff-and-landing (STOL) transportation system and bulk transport and shipbuilding. He also met with business leaders and toured transportation and grain-handling facilities.

A number of provinces manifested interest in expanded relations with Japan. In December, the British Columbia Ministers of Economic Development and of Forests visited Japan to promote development of coal and pulp resources. An Alberta delegation visited Japan in December to discuss cultural exchanges. The possibility of uranium sales to Japan were explored during a November visit by a delegation led by the Saskatchewan Minister of Natural Resources. A Manitoba bond issue was completed in Japan during the year. Ontario's Premier Davis, with his Ministers of Agriculture and of Industry and Tourism, led a mission to Japan in September to stimulate Japanese investment in Ontario and imports of Ontario products. A Japanese bond issue was completed by Hydro-Quebec, and a Quebec agriculture mission visited Japan in September. New Brunswick Premier Hatfield concluded negotiations in Tokyo in September for a yen-denominated bond issue.

Japanese and Canadian parliamentarians also exchanged visits. Hugh Poulin, Parliamentary Secretary to the Minister of Industry, Trade and Commerce, visited Japan in March during a tour of Asian countries to discuss trade issues, particularly with respect to textiles. Otto Jelinek, the Conservative Party spokesman for small business, was in Japan in March for discussions with the Japanese Small and Medium Enterprises Agency. New Democratic Party Leader Ed Broadbent took part in the Socialist International in Tokyo in December. In addition, five Japanese parliamentary delegations visited Canada this