

to their problems of inflation or unemployment. I think our Government had no alternative but to make an immediate approach to the American Government, setting out our situation. I did not feel we could expect an immediate reaction, but I had the feeling that the Americans understand our situation and as soon as they feel that some of their current trade barriers can be removed or relaxed, Canada will be one of the first nations to be given relief.

The United States are not only our friends and our neighbours, but are also our largest trading partner. We must live and work with them, and if they are to be prosperous their economy must be in good shape and we will benefit accordingly.

Some other Canadians have also criticized our Government for not taking the offensive and countering these new U.S. trade barriers with trade restrictions of our own. They suggest we should be soliciting international support to oppose these new U.S. policies. I just cannot understand the thinking of the advocates of such action. I believe action of this nature could easily promote a trade war, and there is no country in the world that would be as vulnerable in a trade war as our country.

Honourable senators, as I previously mentioned, I was not as disturbed as some other Canadians when the United States announced their new policy. I felt they had to take drastic action. If their action is successful, we will benefit, although, as I previously stated, it will create great difficulties for us in the short run.

What I am greatly concerned about is that this new policy will be continued for a much longer period than originally forecast. If these barriers to free trade are left in effect for any length of time there is no doubt in my mind that their effect on our trade will prove to be disastrous.

We will be entering a new ball game. It may develop that the progress that has been made in recent years to liberalize world trade has been arrested and that protectionism has again raised its ugly head. We, and other countries that have been endeavouring to liberalize trade, may be forced to adopt protectionist measures, which policies we have been trying so hard to avoid.

Although hopeful that these new U.S. barriers will only be retained for a short period, we Canadians cannot just sit and wait for the restrictions to be removed. Our trade with the United States of America is very, very important. It must be continued, and, I hope expanded, but we must face facts. If they continue their trade restriction policy for a longer period than previously forecast, I am afraid other nations will be forced to take steps to protect their interests. If we in Canada are to continue to be the fifth or sixth trading nation of the world, we also may be forced to institute new trading policies. We just cannot afford to sit back and hope that these trade barriers will soon be removed. Although we do not like the current situation, we must plan for the future. If, as it now appears possible, our trade with the U.S.A. is to be curtailed for some time, we must try to expand trade in other areas. I am not suggesting our American trade can be replaced, but it may be that we

have been concentrating too much on the American market, that we have had too many of our eggs in one or two baskets.

Honourable senators, it is for these reasons I believe our study of Pacific rim countries, and our relations with them, including trading possibilities, is now even more important than it was when the committee's study was first instituted. This committee has already had the benefit of the views of many prominent witnesses, Canadian Government officials and representatives of Canadian industry. We have also had the benefit of witnesses from other countries.

Although, as you will appreciate, no definite trade policies have yet been enunciated, all of the witnesses have been very optimistic about Canadian relations with Pacific rim countries and our trade opportunities with them.

Many of the witnesses concentrated their representation as did the Government Leader yesterday, on markets and relationship with countries such as Japan, Australia and Malaysia, countries with which Canada already enjoys good trade. Others were optimistic and even quite excited about trade possibilities with Pacific rim countries such as Indonesia, New Zealand, the Philippines and other countries with which we have not yet developed significant trade. There is no doubt in my mind that Canada's relationship with all these countries is good, and we must be sure that we retain this relationship while at the same time further concentrating our trading efforts in these areas.

Honourable senators, let me repeat that I am not suggesting we should build up our trade with these Pacific rim countries to equal or replace our trade with the U.S.A., but there is no doubt in my mind that we can increase our trade not only in this area but also in other markets such as South America, Africa and the developing areas of the world. We are in on the ground floor, and in view of the present uncertain situation it behooves us, our Government and its agencies, and particularly our industry, to expand our interests so that, as I mentioned before, we will not be caught short with too many trading eggs in one or two baskets.

I will not take the time on this occasion to review with you, country by country, our trading possibilities, but with your permission I should like to discuss briefly my views on our relationship and trading possibilities with one of the most important Pacific rim countries, China.

I am sure most honourable senators are aware that just prior to our adjournment on June 30 I had the opportunity of again visiting China. I was a member of the trade mission led by the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, which went over to China at that time. The mission included Mr. Ray Perrault, M.P., from the other place, myself, from this chamber, and senior officials not only from the Department of Industry, Trade and Commerce but also from other Government departments interested in promoting relations and trade with the People's Republic of China. Most importantly, the mission also included eleven prom-