

pulp and paper, machinery and equipment, aircraft, industrial and agricultural machinery, telephone equipment and motor vehicles. Canadian firms continued their work on several major projects in East European countries.

Trade fairs and trade missions are an effective way of promoting Canadian exports in Eastern Europe and Canada participated in six commercial fairs. The Program for Export Market Development (PEMD) processed about half-a-dozen applications for projects in Eastern Europe.

Besides a number of incoming and outgoing trade missions of many businessmen covering a wide range of industrial activities, Canada had bilateral trade consultations with Romania and Czechoslovakia during the year. The Governor General visited Romania in May, in June the Prime Minister was accompanied by a business delegation when he visited Yugoslavia, the Hungarian foreign minister visited Canada, and the Minister of State for International Trade conducted a business mission to Hungary in January 1983.

Countertrade, which is paying for imported goods and services by bartering goods of local production, has become an increasingly important factor in East-West trade. The Department of External Affairs and the Canadian Export Association (CEA) co-sponsored seminars in Toronto, Montreal and Calgary to familiarize Canadian exporters with this new marketing possibility.

Canada's trade with Eastern-bloc countries is conducted with respect for other foreign policy considerations. Canada, with its NATO allies and Japan, complies with the Co-ordinating Committee for Strategic Controls (COCOM) embargo on the sale of military goods and technology to these countries. The January 1982 high-level COCOM meeting reviewed and reaffirmed the strategic objectives of COCOM and recommended measures to improve the effectiveness of the present system of controls.

In addition, Canada was signatory to communiqués issued by the NATO and Versailles summit meetings in June. Both statements committed partners to exercise commercial prudence in the granting of export credits to Warsaw Pact countries. At the October meeting of NATO foreign ministers in Quebec, the ministers agreed to conduct a comprehensive review of East-West economic relations, including a review of other high technology not presently included on the COCOM list whose transfer could be inimical to Western security interests.

In 1982 Canada and the Soviet Union continued negotiations aimed at concluding a new bilateral fisheries agreement. The main Canadian objectives are to strengthen the provision concerning conservation of stocks beyond Canada's 200-mile economic zone, and to seek better provisions for the purchase of Canadian fish products. On December 31, 1982 the agreement establishing a Joint Fisheries Consultative Commission came to an end.

Canada entered into consultations with Yugoslavia and negotiations with the German Democratic Republic (East Germany) with a view to settling outstanding claims by Canadian citizens against both of these countries. In the case of Yugoslavia, a preliminary informal exchange of views took place in September 1982 and a first round of consultations in February 1983 in Belgrade, Yugoslavia.

With regard to Canadian claims against the German Democratic Republic, Canada submitted a formal list of outstanding claims to the East German authorities at the end

of 1982, and a first round of negotiations took place in East Berlin in April 1983. Negotiations with both countries are expected to proceed to a second round during 1983-84, when the Claims Section of the Department hopes for a satisfactory resolution of these matters.

## Asia and the Pacific

The past year saw continued expansion of the broad scope of Canada's relations with the countries of the Asia and Pacific regions and an increase of over one-half billion dollars in our exports to the area. Japan is an important consultative partner for Canada, especially in the context of economic summit meetings, and remains our second-largest bilateral trading partner. Relations with China are based on long-standing goodwill buttressed especially by Canada's early recognition of the Peoples' Republic. Trade and cultural exchanges increased during 1982. The Republic of Korea and Hong Kong are also especially important trading partners, while a stable and healthy political relationship with countries belonging to the Association of Southeast Asian Nations (ASEAN) has favoured the rapid growth of trade in the last decade with these nations.

The importance of the region for Canadian interests is reflected in the evolving dialogue between Canada and the nations of the Pacific region on the subject of a Pacific Community. An important development in March 1983 was the establishment of a Founding Committee for the Asia-Pacific Foundation to demonstrate Canadian commitment to the region and provide leadership in mutual understanding and co-operation.

The increased number of official visits is further evidence of Canada's interest in the region. In June, the Secretary of State for External Affairs attended the annual ASEAN foreign ministers' meeting and the post-ministerial conference, also attended by the other Dialogue Partners (Australia, New Zealand, Japan, the United States and the European Community); the third annual Canada-Japan Foreign Ministers' consultation was held in Canada in October; and the Prime Ministers of Australia and New Zealand as well as the Presidents of Pakistan and the Republic of Korea visited Canada. The Prime Minister travelled to the five ASEAN countries and Brunei and to Japan in January 1983, and the following month, the Minister of State for International Trade visited Tokyo for discussions with his counterparts from the United States, the EC and Japan. Federal and provincial Cabinet ministers visited Australia, China, Japan, Republic of Korea, India and Thailand. Enhancing trade was the central element of most of these visits.

Canada has an active public affairs program in Japan and to a lesser degree in other Asian and Pacific countries. During 1982 there were 94 promotional projects which included 16 trade fairs, as well as 51 incoming and 27 outgoing trade and business missions. This represented an increase in projects of 56 per cent over the previous year. Business influenced by these activities exceeded \$1.2 billion and involved the participation of more than 400 Canadian companies.

### Japan

The past year saw the election of a new and dynamic Prime Minister in Japan. He has taken early and significant foreign policy initiatives that indicate a more internationalist outlook. Japan is an important potential source of investment capital and new technologies for Canada and dialogue con-