

In 1965, two-way trade totalled \$456 million and Canada had a surplus of almost \$100 million. By 1970 it had more than doubled, reaching \$1.3 billion. The trade surplus for Canada had kept pace, attaining over \$200 million. As we entered 1971, most Canadians, and I suspect most Japanese, had come to expect that a large excess of Canadian exports to Japan over Japanese exports to Canada was a normal feature of trade between our two countries.

This situation changed dramatically last year. In 1971 Japan's sales to Canada increased by a record 38 per cent, while Canadian exports to Japan actually declined. Canadian imports from Japan leaped by more than \$217 million, to over \$800 million, while Canadian exports to Japan decreased slightly, to about \$792 million. So in one year Japan moved from a deficit of \$209 million to a possible surplus of about \$10 million. The actual decrease in Canadian sales was due, experts say, to a temporary slow-down in the Japanese economy. That slow-down has not affected your exports to Canada. Major increases occurred in your exports of cars, motorcycles, steel pipes and tubes, double-knit fabrics, to name just a few. In the case of automobiles, Japan doubled its sales and presently supplies 15 per cent of the total Canadian market for automobiles.

This shift in our bilateral trade might be permanent or it might be temporary. We hope that our export decline is temporary; you hope that your export leap is permanent. As I have said on many occasions, when we had a surplus, Canada does not seek a bilateral balancing of trade with any country, Japan included. Now that the shoe (granted it is a small one) is on the other foot -- our foot, now that you have the surplus and we have the deficit, I do not intend to change my tune. We do not seek a balancing in our two-way trade. What we do seek, however, is a better balance in the terms of access to each other's market. We want the freedom to sell in your market. Sincerely, we do not feel that this is yet the case. I will come back to this point in a moment.

But first let me look at the content of the trade between our two countries.

Canada has been one of Japan's most important sources of industrial materials and foodstuffs -- 73 per cent of Canadian exports to Japan are in this category. We are in this position because we are stable and competitive suppliers. This trade has been good for Canada and it has certainly been good for Japan. We want it to continue on a mutually advantageous basis.

In the other direction, Canada has been a major market for Japanese manufactured products -- 97 per cent of our imports in 1971 were in this category. Your performance in Canada is a tribute to your marketing skills, but I submit it is also an indication of the openness of the Canadian market. Look again at the products you sell in Canada. Automobiles, trucks and motorcycles, TV sets, tape-recorders and radios, steel products, snowmobiles and textiles. Most of these items compete directly with Canadian products in the Canadian market.