

At the very mention of the word textiles I know you expect me to say something about Canada's textile policy.

Textile products are still an important part of your exports to us, although they are becoming less so as Japanese sales to Canada of automotive, steel and electronic goods increase. Of the 15 leading imports categories from Japan last year, textiles made up only 10 per cent of the total.

Textiles are recognized internationally as a "problem sector" of world trade. In this situation Canada does maintain some trade-restraint arrangements with Japan. But they are selective. Canada's textile policy very carefully sets out the criteria for the imposition of trade controls in this sector: imports must be causing or threatening serious injury, and the manufacturer seeking safeguards for particular products must demonstrate that he will become internationally viable through rationalization plans which he must present to the textile board. We have not asked for restraints over broad categories of goods. Restraints on individual products are removed when they are no longer needed. In the longer term, we look to a solution to the textile problem by an orderly opening-up of markets by all countries. We support efforts in the GATT to this end.

The other major industrialized countries have for many years enforced much more restrictive policies on textiles than has Canada. *Per capita*, Canada buys ten times more textiles from Japan than does the EEC or the UK, almost double the *per capita* imports of the U.S.A. and triple those of Sweden. In value, Canada imports roughly as much from Japan as does the entire European community -- a market approaching 200 million people.

As I was saying, with a very few exceptions all your goods enter Canada without limitation and, in most cases, in direct competition with Canadian products. In turn, we should like to have the fullest opportunity to compete with Japanese products in Japan. That is what I meant when I referred to a better balance in the terms of access.

You buy from us copper, nickel and iron as ores and concentrates; you buy lumber and wood-pulp. But you do not buy our manufactured products. Only 3 per cent of Canadian exports to Japan are end-products, and, if I may speak frankly, as we do among friends, this is an unsatisfactory situation. There is a short-term and a long-term explanation to this.

Both Canada and Japan are coming through a difficult period. Both of us have experienced an economic slow-down. In Japan this has resulted in a decrease in the rate of growth. In Canada it has also resulted in high unemployment, a situation aggravated by the fact that Canada has the fastest-growing labour force among the industrialized nations. In order to provide jobs for this fast-increasing labour force, we feel we must expand further our manufacturing sector. But simple economic recovery from a temporary slow-down and fuller employment is not enough. Each country -- yours and mine -- has wider obligations and consequently wider objectives, economic, social and political. Canadians have a new desire, a determination to ensure a sophisticated,