

The sharp rise in the Canadian dollar against currencies other than the American dollar now further burdens our offshore exports. In the western forest industry, for example, our lumber exports to the United States have declined as interest rates have risen to unprecedented heights. On a national scale, the fall of the Canadian dollar demonstrates that there are fundamental problems to be addressed in the Canadian export sector, and that both government and the private sector must work out the solutions. I believe an important part of those solutions will lie in the development of expanded trade relationships with the Pacific Rim.

Canada's westward outreach to the economic and cultural fabric of the Pacific Basin is a natural extension of our historical and economic evolution. For 400 years, Canada's "centre of gravity" as a society and as an economy has gradually shifted to the West. But that is not to say that we have only recently made contact with the Far East. Canada's transpacific trading and immigration relationships paralleled America's in the nineteenth century.

When the California gold fields petered out, thousands of "forty-niners" poured north into Canada. Many of them were Chinese who helped unite our nation by laying track and chiselling tunnels for the Canadian Pacific Railway's "thin ribbon of steel". Canadian missionaries established schools and churches throughout China in the 1800s, and Canadian traders brought lumber and sea-otter pelts to Asian ports as early as 1788.

**Canadian ties  
in the Pacific**

Canadian cultural and trade links with modern China have grown steadily since the normalization of diplomatic relations 11 years ago. I take some pride in pointing out that this preceded the Nixon "ping-pong accord" which led the way to re-establishment of U.S. ties.

But today our major Pacific trading partner is Japan. Since the beginning of the 1970s, Japan has displaced the European Economic Community as our second largest trading partner, and trade with Japan and other Pacific Rim nations has grown faster in the past decade than with any other country, including the United States.

Japan has been increasingly in the market for Canadian wheat, wood products, rapeseed and pork. The thriving western Canadian coal industry was built with Japanese participation, and Japanese mills are the major destination for the ore concentrates and ingots that flow from our smelters. Japan is voicing a new interest in the development of Canadian oil sands and Arctic oil and gas. The benefits of our \$7 billion trade volume with Japan — strongly in Canada's favour — reach virtually every Canadian.

While Japan is by far our major export market across the Pacific, Canada has trading relationships with most of the countries west of our shores. South Korea is our fifteenth largest export customer, and last year it purchased \$431-million worth of Canadian coal, pulp, minerals and machinery. A South Korean-Canadian joint venture is opening a world-class coal mine in British Columbia, and Canadian nuclear and communications technology have found significant acceptance among the South Koreans.