

have reached a scale of critical importance for both countries. In view of these growing ties (and the natural complementarity of the economies mentioned), it is not surprising that some observers have been much attracted by the idea of closer (and formalized) regional economic associations. One such suggestion of a Pacific trading bloc was originated by Mr. Miki, the former Foreign Minister of Japan. Though the specifics of the "Miki concept" were never fully defined, the basic notion was enthusiastically received in some quarters.

105. A number of the Committee's witnesses commented favorably on the possibility of closer regional economic associations, and the president of the Canada-Japan Trade Council went so far as to advocate that Canada take the initiative. He stated:

I feel that Canada could take a lead in exploring the setting up of an economic association between the United States of America, Japan and Canada, and perhaps later on Australia and New Zealand, and perhaps still other countries such as the Philippines. We might then have a group of countries linked economically in a somewhat similar manner to the European Economic Community. Of course there would be many difficulties to be overcome, but I do not feel they would be insoluble. (11:10)

106. The parallel with the European Economic Community (EEC) indicates the ambitiousness of some of the hopes for regional economic integration. There is a wide range of more limited and gradual possibilities. In the light of developments subsequent to Mr. Houston's testimony (in March 1971), however, the prospects for any kind of closer regional integration appear slight at present.

107. From a Canadian point of view, there are also some very fundamental questions involved in any consideration of membership in a regional economic bloc. While the Pacific region unquestionably offers Canada expanding markets, it does not necessarily present the most attractive growth prospects for Canadian exports of fully-processed and manufactured goods. A regional arrangement in the Pacific, therefore, might benefit Canada much less than its partners and, conceivably, diminish more attractive Canadian opportunities elsewhere. The prospect of closer regional economic ties would, therefore, require intensive examination by Canada in the light of long term economic strategy. It is clear from the present state of economic relations between Japan and the United States that a regional trade bloc is probably a distant prospect and that Canadian initiatives in this regard would almost certainly prove ineffective at this time.

108. One field of cooperation, which is almost invariably mentioned in the context of regional economic arrangements among the developed countries of the Pacific, is assistance to the region's less-developed countries. Combined or better-coordinated aid efforts are generally to be welcomed, and the Pacific region may offer special opportunities for this kind of joint endeavour. Here, Canadian programmes may be effectively meshed with those of Australia, the Netherlands, Japan and other medium-sized donor-countries particularly involved. There are a number of possible mechanisms for achieving coordination on a regional scale—the Asian Development Bank (ADB) is one, and the Economic Commission for Asia and the Far East (ECAFE) another. The Committee recommends that Canada should work