

Canada represents a large and expanding market for Japanese goods. In 1964, Japan's exports, at \$175 million, made it our fourth largest supplier. While the trade balance is in Canada's favour, it is significant that, in the last decade, Japan has enjoyed a ninefold increase of sales to Canada, while our sales to Japan have trebled.

Over time, continental Asia, with its vast population, should become a major Pacific and world market. The speed with which this occurs will depend on many factors, both political and economic. In this context, mainland China and Russia have massive impact. We in Canada believe that trade with these vast areas should be developed and cultivated as circumstances permit. As a nation vitally dependent on export trade, we must search out normal market opportunities wherever they occur. And we believe that trade can make a real contribution to better general relations with countries which do not share our political beliefs. In co-operation with our partners in the Western alliance, we prohibit the sale of strategic goods to these destinations and we see to it that U.S. goods do not reach prohibited destinations through Canada. But we are convinced that it makes good sense to develop mutually-advantageous trading connections in peaceful goods with all countries and areas, including Communist China.

#### VALUE OF SINO-SOVIET MARKET

The development of trading opportunities with countries with a centrally-planned economy presents special problems. It would be a mistake to assume that there is a vast unsatisfied demand, that these countries are just waiting to buy everything we are prepared to sell. The development of trade in peaceful goods with the Sino-Soviet bloc will only be realized through hard work and perseverance. They are discriminating buyers and tough bargainers. They suffer some of the handicaps of any big and bureaucratic organization and these must be penetrated. It is not easy to establish direct contact with the ultimate buyer and user. However difficult it may be, and however slow and frustrating the efforts to sell in that vast continent, I sincerely believe that, for reasons of long-term self-interest, both political and economic, the effort is well worth while. In this area of trade there is always the possibility that changing political circumstances can accelerate or retard the process. This is a fact of life that must be recognized and taken into account. But, over the long haul and in the interests of world peace, I am satisfied that the course of establishing closer understanding and more intimate contact must be patiently pursued.

#### COMMONWEALTH MARKETS

In the Pacific area Australia and New Zealand are, of course, of key importance in Canada's Commonwealth trade. The volume of sales in these traditional and long-standing markets has risen from \$61 million in 1954 to \$180 million in 1964. As both Australia and New Zealand have moved forward in their industrialization, we have found the need to adapt ourselves to their changing market needs. And this process has not been without problems for some of our suppliers. The recent decision of Australia and

New Zealand to join in a free-trade arrangement will, no doubt, call for further adjustments. But I trust that the arrangement they are to work out will provide an impetus to further economic expansion and with it increased demands for the goods we are able to supply. I know that New Zealand and Australia, both of whom are world traders and have important stakes in the North American market, will be bearing our trade interest in their market closely in mind as they move ahead....

I have not touched so far on Latin America and our community of interest with this area in the Pacific. The growth in our trade with Latin America has been somewhat less dramatic than elsewhere, but still impressive. The increase in the last decade has been from \$188 million in 1954 to \$330 million in 1964. Last autumn I had hoped to lead a goodwill trade and economic mission to Latin America, designed to stimulate greater trading interest in both directions. Events forced me to postpone that trip. I am determined to make such a visit in the near future.

#### NO LACK OF INTEREST IN LATIN AMERICA

I should like to emphasize that Canada's absence from the OAS table should in no way be construed as any lack of interest in Latin American affairs or any lack of willingness to play our role in the Western hemisphere. We are a member of a number of United Nations subsidiary bodies dealing specifically with Latin America, including the Economic Commission for Latin America. In the last year, we have worked out arrangements with the Inter-American Development Bank under which we have set aside substantial funds to finance economic development in Latin America. We work closely with Latin American countries on international commodity problems and we are deeply conscious of their interests as we seek to grapple on the international plane with the serious trade and economic problems of developing countries throughout the world. In our relations with Latin America we consider how best we can make our contributions to Western hemisphere affairs within the framework of the totality of our world relations.

The development of North America's trade frontiers on the Pacific rim must, in the final analysis, be up to the businessmen of Canada and the United States. It is up to governments, however, to improve the trading framework within which you can develop those trading opportunities. The current negotiations in Geneva, the so-called "Kennedy round", are looking to a major step forward in reducing trade barriers imposed by governments. Canada, the United States and Japan are key participants in this negotiation, along with the EEC countries, Britain and the other EFTA countries. Industrial offers were exchanged last November and detailed bargaining has been engaged. Later this week countries are scheduled to table their offers on agricultural products and there is expectation that Australia and New Zealand, who have major agricultural export interests, will, at that time, be joined in the detailed bargaining. It would be premature to make any forecast as to the result of these negotiations. The task the participating countries have set for themselves is hard and