

tobacco. We expect that the Japanese will continue to liberalize their market as they have already begun to do. Their remarkable progress economically in the last years certainly shows that their economy compares favorably with the most advanced countries in the world.

I do not wish to make a catalogue today of our economic relations with all countries in the Pacific Basin. The case of Japan alone is convincing. Our trade relations with Australia and New Zealand are good and growing; we are at present engaged in a renegotiation of our Trade Agreement with New Zealand and have every hope that this will result in a satisfactory new arrangement for both parties.

Commodity Trade

Among the most important items in Pacific trade are commodities of various kinds, for a number of which commodity arrangements have been worked out, such as the International Grains Arrangement. I do not need to tell this audience that, owing to the international over-supply of wheat, and to the trading practices of certain other exporters, there has been considerable pressure on wheat prices in recent months. The result has been a major threat to traditional Canadian markets such as Japan. Consultations are continuing to re-establish stability in world markets and our recent deliveries to the Soviet Union suggest that we may be entering a period of improved sales and price stability. I hope that this is so. One of the main international concerns of the Federal Government today is the re-establishment of firm wheat prices and firm wheat markets.

There have been a number of efforts in recent years to promote broad co-operation among countries bordering the Pacific. This has come to be known as Pacific Basin Economic Co-operation. It is an attractive conception. Our trade with the region is growing rapidly. To a large extent, trading countries in the Pacific are complementary rather than competitive and have a good deal to offer each other. The great multinational corporations, often based in the developed countries in the region, can be of considerable importance to the developing countries in terms of the potential they have for promoting their economic growth. Canadian firms, for example, are increasingly active in the Pacific area in resource development.

Pacific Involvement Waxes

Canadians generally now recognize, as many in the West have long done, the development occurring in the Pacific area. The Government is anxious to encourage such involvement. Our large-scale participation in Expo 70 in Osaka is one example of this. We are also examining ways in which we can expand our diplomatic commercial and other links with Pacific Basin countries. Prime Minister Trudeau, as you may already be aware, is planning a trip to the Pacific Basin this spring, during the course of which he will visit a number of countries before going to Japan and touring Expo 70. This will be a major tour of Pacific countries and indicates clearly the Canadian interest in that part of the world.

Our initiative in seeking an exchange of diplomats between Ottawa and Peking reflects, first and foremost, our belief that world security requires the presence of China as an active and participating member of the community of nations.