

problem arose. In order to conserve dollars, Japan applies restrictions against imports from Canada, the United States and other hard currency countries. Canada, on the other hand, has no such restrictions on trade with any country.

The Canadian Government therefore insisted on two additional undertakings by Japan. The first was an undertaking that there would be no discrimination against Canada in favour of any other dollar country. The second was that there would be no discrimination whatever for any reason against major commodities exported by Canada to Japan -- wheat, barley, flax-seed, wood pulp and so forth.

In other words, if Canada is able to offer these commodities of the right quality at the best price, Canada gets the business.

The other important safeguard is a provision which gives Canada the right to raise the value of Japanese goods for tariff purposes if these goods are offered at such low prices and in such large quantities as to threaten Canadian industry.

I think you will agree that this was a good agreement from Canada's point of view. It gave Japan an opportunity of increasing her export earnings at a time when Japan needed encouragement of this kind. At the same time, the agreement included reasonable safeguards in case there were serious adverse developments in trade. I believe, too, that it was a good agreement from the Japanese point of view. The agreement with Canada paved the way for other trade agreements and the safeguards which Canada insisted upon were equally advantageous to Japan.

Japan can only benefit from buying in the cheapest and best market, particularly foodstuffs and raw materials of the kind supplied by Canada. Japan can only benefit from offering her goods in Canada at reasonable prices and avoiding dumping.

This Trade Agreement was signed in 1954. In the previous year, Canada had exported to Japan produce valued at \$119 million and had imported from Japan produce valued at \$14 million, a ratio of 1 to 12. In 1956, our exports to Japan will be about the same as in 1953, and our imports from Japan in excess of \$50 million.

So I think our trade agreement has, so far, worked out very satisfactorily. We have retained our market in Japan. In fact, Japan is now our third largest market, ranking next after the United States and the United Kingdom. On the other hand Japan has enlarged her market in Canada four times in less than three years, bringing about a more tolerable balance in trade between the two countries.

I went to Japan on October 21st, at the invitation of the Japanese Government. This invitation had been extended to me on several occasions, but until this fall I felt that I could not leave Canada for an extended period. It had also been borne