

15. *Sino-Soviet Disputes*

Prime Minister Ikeda said it was difficult to estimate the extent of Sino-Soviet rivalry and disagreement. Generally speaking, however, their alliance is based only on ideology; there is no long, close historical relationship between the two countries; the difference in tradition and temperament of the two peoples would not lend itself to a long continuation of the alliance. It seemed possible that China would develop an atomic weapon in two or three years and it would be unlikely for Russia to welcome this. Already there are examples of Russian reluctance to give full aid to China. For example there are still no power dams on the Yellow River and ships built in Dairen still lack the necessary diesel engines.

16. *Laos*

The two Prime Ministers agreed on the need to maintain a neutral and independent Laos.

17. *Economic Matters*

Prime Minister Ikeda explained Japan's plans to double her national income within ten years. This would result in the need for more ores and raw materials and wheat. He felt that Canada, more than any other country, would benefit by Japan's plan to double the national income. Japan's wholesale prices have increased very little because of shortage of timber and Japan would want to buy much more timber from Canada.

18. *Sale of Wheat to China*

Mr. Diefenbaker asked what Japan thought of Canada's recent wheat sale to China. *Mr. Ikeda* said he realized Canada had a surplus and China needed wheat. According to Japanese estimates, China possessed only \$200-250 million in foreign currency reserves and he would be interested to see if China could actually pay for it. *Mr. Ikeda* said laughingly that Canada should give equally good credit terms to Japan lest the Japanese come to feel that Canada preferred China to Japan.

19. *Ministerial Committee*

Mr. Kosaka wondered whether there would be any possibility of more regular visits by Canadian and Japanese Cabinet Ministers. *Prime Minister Diefenbaker* observed that in view of the increasing trade relations between Canada and Japan a step in that direction would be helpful. Such meetings and visits need not be as formally fixed as the recent arrangements between Japan and the United States but it would be a welcome development. *Mr. Diefenbaker* was aware that there might be feeling that Canada is disinterested [sic] in Japan. He felt that personal contacts are extremely important. This present meeting had enabled him to derive an impression of *Mr. Ikeda* and the Japanese Government to a greater degree than would have been possible by diplomatic channels. Meetings between Ministers would help remove misunderstandings. It is essential that the free nations cooperate with each other. If they have divergent views about serious international problems they will fall, ultimately.

20. *Trade Liberalization*

Prime Minister Ikeda explained that Japan hoped to liberalize trade as soon as possible; by March 1963 all trade restrictions would be removed. He also mentioned that two Japanese companies were working on the development of mines in Canada.

21. *Invitation to Visit Japan*

Prime Minister Ikeda renewed his invitation to visit Japan. *Mr. Diefenbaker* expressed interest in visiting Japan. It was agreed that a visit might possibly be arranged between the latter part of September and the early part of November.