



# Statements and Speeches

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## PACIFIC ECONOMIC COMMUNITY CONCEPT: A CANADIAN VIEW

Excerpts from a Speech by Mr. R.G. Rogers, Chairman, Crown Zellerbach (Canada) and Vice Chairman, Canadian Committee of the Pacific Basin Economic Council, to the Institute for U.S.-Japan Relations, San Francisco, November 10, 1981

...In our early years, Canadians were oriented towards the East, and the Atlantic connection with Europe. In this century, our orientation has gradually shifted southward, as the United States has become our major trading partner. Today, although we are making inroads into our Arctic territories, we find ourselves increasingly looking West across the Pacific. Because that's where our new opportunities lie....

Leaving aside the rarified aspects of constitutional law, much of Canada's internal friction today centres on the divergent economies of the western and central regions. In both regions, production for export is crucial. Last year, Canadian exports of goods and services totalled \$90.3 billion in Canadian dollars. This year, for the first time, we expect that total to exceed \$100 billion. In 1980, exports were equivalent to more than 31 per cent of Canada's gross national product. Imports of goods and services in the same year totalled \$93.4 billion, or more than 32 per cent of GNP.

The western and central regional economies are both heavily reliant on this production for export. Where they differ, and where their conflict affects Canada's stance on Pacific Rim trade, is in the nature of the products each offers to world markets. Central Canada is highly industrialized, and produces steel, technology, consumer goods, automobiles, electronic equipment, and all the other outpourings of an industrial economy. The economy of western Canada, on the other hand, is based on the extraction and export of primary resources, like wood, coal, metal ores and natural gas. The metallurgical coal industry, for example, was created entirely for export production, almost all of which goes to Japan. Natural gas is available in large surplus quantities, and a number of western Canadian companies are seeking to export gas in liquified form to Japan.

To the western Canadian, therefore, increased trade with Japan and other Pacific Rim countries offers opportunities for broadening and strengthening the regional economy. To central Canada, however, the reciprocal aspects of transpacific trade offer threats to the region's industrial complex — and not only in export markets, but in the domestic sphere. These conflicts have also led to a series of meetings between provincial and federal ministers and it seems likely that a comprehensive resolution will in time be achieved. On the whole, greater involvement with the emerging Pacific Basin economic zone appears to be in Canada's national interest.

The other trade-related issue affecting both western and central Canada's economies is the devaluation of our currency against the U.S. dollar. America remains our primary export market, but the advantages of lower-priced Canadian products have been more than offset by the fall in demand brought on by a slowed-down American economy.

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