

99. The formation of large Canadian trading companies to remedy these shortcomings will not be a simple task. Some witnesses have argued that Japanese corporate forms are essentially indigenous to that country and cannot be transplanted. However, comparable trading corporations operate elsewhere in the world.

100. Detailed study will also be needed to determine the exact form of organizations appropriate to the Canadian situation. In some Canadian industries, export agreements among producers may be sufficient to achieve the desired result. In other cases, a trading corporation structure may also be needed to provide market intelligence, negotiating facilities and expertise, and coordination of production, distribution and sales.

101. While all of the Committee's witnesses questioned on this subject favoured the new structures being in the private sector, they could not point to any immediate prospect of action. Such trading corporations will require effective cooperation from governments in Canada. The Committee recommends that the federal Government be prepared to take the first steps in organizing them. Naturally, the full support of the private sector must also be secured. The Committee therefore recommends that the formation of new trading structures of this kind be the first priority for discussion with the Pacific economic advisory committee when that group is formally constituted. In the meantime, the Government should conduct full studies of the types of structures in use elsewhere and the organizational alternatives available to Canada. Preliminary discussions should also be held with the Canadian Committee of the Pacific Basin Economic Council and other interested groups.

102. Co-operation between government and business in the sponsorship of trade missions and exhibitions is imperative. As promised in the Policy Paper, this kind of promotional activity is being stepped up. Increasing numbers of businessmen are moving in both directions and expenditures on trade missions and trade fairs are being increased. The policy of selectivity in promotion should maximize their effectiveness.

103. It is also relevant to ask why there is such an institution as the Canada-Japan Trade Council based in Ottawa and no comparable body operating in Tokyo. The inescapable answer seems to be that the Japanese business community has been energetic in its initiative interest and support, while no comparable drive has been forthcoming from their Canadian counterparts (see p. 11:12). The Committee finds that the Canadian need for this kind of vehicle of communication is much greater than the Japanese need. Canadian business groups should be actively studying the experience of this institution and acting on it as appropriate.

104. Mutual relationships among the Pacific nations have been developing at an impressive pace. The increasing economic importance of Japan to Canada has been documented in previous sections—Japan has also become Australia's most important trading partner. Japan-U.S. economic relations, while difficult at times,