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## Canada and Japan: Each other's second most important trading partners

*The Minister of Industry, Trade and Commerce, Alastair Gillespie, in Tokyo recently for the meeting of the General Agreement on Tariffs and Trade, addressed on September 11 the Keidanren (Federation of Economic Organizations), one of Japan's most influential business associations. He spoke of the "dramatic" growth in trade between Canada and Japan, noting that while in 1962 trade had amounted to "only \$307 million", by the end of 1973 it will have "increased by over eight and one half times", to make the two countries each other's second most important trading partners. Mr. Gillespie stressed particularly Canada's wish to increase the export of manufactured goods. Passages from the speech follow:*

...About four months ago an important event occurred in our trading relationship. It didn't cause a great deal of comment at the time. Indeed in some quarters it passed almost unnoticed. But those of us who have been actively involved were not surprised that Japan had surpassed Britain to become Canada's second most important trading partner. This was accomplished in large measure because, in the first seven months of this year, Canadian exports to Japan were up 86 per cent. At the same time, you maintained your tremendous trade totals with us of the previous year.

These figures are impressive by any yardstick. Canadians are obviously pleased with this growth and we believe that you are too. Nevertheless, I would like to comment briefly on the make-up of our two-way trade.

There remains a misconception in some quarters that our trade pattern should continue to consist of resources flowing one way and manufactures flowing the other way. This, as I am sure you will appreciate, cannot be the basis on which to build a lasting trade relation. The real basis must acknowledge that we are two great industrialized nations — one of which happens to be resource-rich, the other resource-deficient.

Canada produces and exports a wide range of manufactured goods in which we have developed an internationally-recognized expertise. I think of such examples as our natural uranium nuclear-power reactors, aircraft pollution-control equipment, automotive products,

oceanography equipment, telecommunications equipment, computer peripherals and a variety of consumer goods — to name just a few items.

I have just this morning paid a visit to the well-known Fujitsu Company. Canada is an important market for their highly-sophisticated computer products. But Canada is also selling sophisticated computer products to Fujitsu. This is the kind of reciprocal trading relation we in Canada would like to see developed more often.

Our sophisticated Canadian products compete with those of other industrialized countries around the world. The figures bear this out. Almost half of our exports to the United States in 1972 — that is half of a total of \$13.5 billion — were fully manufactured. Roughly 16 per cent of our exports to the European Economic Community are also in the same category. For the latter market, this represents an increase of 35 per cent over our 1971 level.

When my predecessor, Mr. Jean-Luc Pepin, was here in January of last year, he expressed Canada's concern over the low ratio of fully manufactured products in our total exports to your market — at that time only 3 per cent of our total sales to Japan. Unfortunately, I cannot say that this percentage has increased. In fact, it has diminished, in spite of the efforts made on both sides.

Efforts by Canadian firms to export processed and manufactured goods to Japan have accelerated considerably in the past year. More and more Canadian companies are taking part in trade