

we produced in Canada of interest to the people and industry of Japan. On the other hand, the Canadian market did not represent much of an outlet for Japanese merchandise. Even more important, perhaps, there was a prejudice amongst Canadians against Japanese produce, which was not always of the best quality and against Japanese trading practices, which were sometimes rather doubtful.

Before the last war, the fact that Canada and Japan were both washed by the Pacific meant very little. We were thousands of miles apart and distance was a tremendous barrier to intercourse. The other day, I left Vancouver at dinner time and arrived in Tokyo seventeen hours later. It will not be long before the Pacific can be crossed in much less time than seventeen hours. However, shrinkage in distance, brought about by the air age, is not the only reason why Japan and Canada should cultivate closer relations. The two countries, in fact, are becoming more and more dependent upon each other.

At the end of the second war, Japan suddenly emerged as a major market for Canadian produce. The question then arose -- was this a temporary situation, or did it hold promise of permanence and growth?

The Canadian Government considered the position carefully and came to the conclusion that if Japan could find sufficient export markets, she would probably continue to be a most important market for Canadian produce.

The next question, of course, was whether Japan should be offered an opportunity of selling her goods in Canada on equal terms with other countries. Canada had been applying higher tariffs against Japanese goods than, for example, against United States or German goods. Could the tariff against Japanese goods safely be lowered to the most-favoured-nation rate?

Because of the pre-war prejudice against Japanese goods and Japanese trading practices, this question received prolonged study. Finally the Government decided to offer a most-favoured-nation agreement to Japan, subject to certain safeguards. After the usual bargaining and negotiation, mutually acceptable terms were agreed upon and signature took place in January 1954.

The essence of this Agreement is that both countries accord to the other treatment not less favourable than is accorded to any other country. That is the meaning, of course, of a most-favoured-nation agreement. Specifically, Canada brought her tariffs against Japanese goods down to the same level as against other non-Commonwealth countries. As you probably know, in all trade agreements Canada makes an exception of the Commonwealth preferential tariffs which on some goods are lower than non-Commonwealth rates.

In return, Japan bound herself to give the same kind of treatment to Canadian goods. But in this connection a serious