

to prevent disruption of Canadian markets - for example in 1966 Canada agreed to the removal of transistor radios and certain textile items from the list of restraints.

I should add that there has been no question of restraints at all on an important range of exports from Japan developed during the last few years where sales have increased very rapidly including such sophisticated products as cars, motor cycles and cameras. I believe the recent Ministerial meeting was useful in clarifying the facts and our point of view on this whole problem.

Capital Investment

The Canadian representatives pointed out that we very much welcome Japanese investment which has been particularly evident on the West Coast. There have, however, been some disadvantageous features about the flow of funds between the two countries.

One of our concerns is that Japan's controls have encouraged the flow of borrowed funds rather than equity capital into Japan and that investment authorizations are too often subject to lengthy delays. Thus Canadian companies investing in Japan have all too often been unable to secure what we would regard as an appropriate voice in the control over their investments in Japan. This is in striking contrast to the position of Japanese investors in Canada who are free to invest here in any form they wish.

The Canadian delegation expressed the hope that the remaining restrictions on Canadian investment in Japan would be lifted as soon as possible and also that Japanese investors in Canada would take into account the desirability of increasing the degree of processing in their exports from Canada. The Japanese are now fully aware of our views on this matter and we are confident that they will be giving thought to these problems.