broader global issue and is extremely important domestically in Canada. Mr. Pepin has been quite categorical in his assertions on this subject.

> For this commodity, Canada is probably the most open of all industrial countries, as shown, for example, by the degree of penetration of the domestic market already reached by imports. Per capita, Canada buys ten times more textiles from Japan than does the EEC, or the U.K., almost double the per capita imports of the USA and triple that of Sweden. In value Canada imports roughly as much from Japan as does the entire European economic community—a market approaching 200 million people. (P.B.E.C.C. speech, p. 9)

65. These statistics are certainly impressive, and in this light, the Committee finds the present Canadian policy on textile imports to be reasonable. The criteria for protection, which include the obligation for producers to present rationalization plans to the textile board, are designed to guarantee that only viable and internationally-competitive producers will remain in operation.

66. In any discussion of this topic, it must also be recognized that for Japan, textiles represent a relatively small and declining proportion of total exports to Canada (10.48% in 1969). The main part of Japanese exports is now made up of diversified consumer durable goods (42.53% in 1969) and producers' goods (34.64%). In relative terms, textile and clothing exports are vastly more important to several of Canada's other Pacific trading partners. Some of these are in the category of "developing countries" with a less diversified industrial base and may merit special consideration on that basis. It must also be added that the Committee has seen no evidence to indicate that anti-dumping actions have been abused to hamper Japanese exports to Canada.

Two-way investment flows

67. Since both Japan and Canada have rapidly-expanding economies, with heavy domestic capital requirements, there has not been extensive investment by either country in the economy of the other. Another contributory factor has been the close control, by the Japanese Government, of both foreign investment in Japan and Japanese investment abroad. This is now changing, however, and a steadily-increasing volume of investment is flowing in both directions.

68. The book value of Japanese investment in Canada (at the end of 1969) has been estimated at $110 million, concentrated primarily in the extractive resource industries. The bulk of this investment is in the form of debt rather than direct equity financing. While there seems to be a trend in the direction of more equity financing, Japanese investors seem to be flexible, depending on the needs of individual projects. Their primary concern is to secure a stable supply of resource materials. They have not sought majority control of Canadian industries and are aware of the advantages of joint ventures. Under these conditions, the Committee considers that Japanese investment can be particularly beneficial to the Canadian economy, with the further advantage of diversifying this country's sources of foreign capital.

69. Canadian investment in Japan remains small and narrowly distributed among a few large firms. The Japanese Government is now liberalizing its strict