and get into the political side because we have not emphasized trade. The Japanese government feels that it is the trade attache who is the important person in a country. Cartels of exporters meet regularly to fix prices and lay plans for overwhelming foreign competition. In Japan, whenever two or three competitors are seeking one contract they are merged into one, whereas in Canada we might have six competitors; in the United States 12 competitors and in France four firms competing against each other for the same contract. In Japan, they have a sales cartel through the efforts of the government or by agreement.

• (4:20 p.m.)

There is a large and growing foreign aid program, which is another export promotion device fueled with long term credit and direct investments. The Japanese have what they call the Soogoo Shoosha, which are general trading companies. These trading companies are given the money with which they can make any kind of a deal. After they have sold the goods the government ensures that the money is provided the manufacturers who, in turn, can pay good commissions. The trading companies can then buy and sell.

In other words, in Japan they have sales men who are sponsored by the government. Here, we have to look for manufacturers' agents who must spend money to go to foreign countries in an attempt to establish contacts. This takes a lot of money. Our Canadian entrepreneurs have a tough enough time to make ends meet in Canada. They have not got the money or the inclination to go outside the country.

Mr. Saltsman: Mr. Speaker, I wonder whether the hon. member would permit a question either now or at the conclusion of his speech?

Mr. Otto: At the end of my speech.

Mr. Deputy Speaker: Order, please. The hon. member for Waterloo is not in his seat. He will have to take his place if he wishes to speak.

Mr. Saltsman: Mr. Speaker, I was just asking the hon. member—

Mr. Deputy Speaker: Order, please. The hon. member will have to take his place, and then I can hear him.

Mr. Otto: I will answer the hon. member's questions later. He might put them to me at the end of my speech.

Japan also has something we do not have here in Canada. It has an export research organization which coordinates market research, product research, finance research and export research and provides the results to the company involved. We received a report recently from the other house about the status of our research of all kinds, scientific and other. We have absolutely no sense of application of research. We spend millions of dollars on research which is applicable to nothing. We expect the manufacturers in Canada to go to other countries and research a product. They must spend all that money without knowing whether the product will enventually be sold. We are told to get the information from our Department of Industry, Trade and Commerce. I have been there and have been led on a merry chase all over Colombia and Venezuela in respect of a product that was not to be sold there. It cost my company $46,000 to learn that lesson.

The fact is that we do not have the proper research organization in Canada, or a real Crown owned research organization, which combines market research, product research and other research. I have said this for seven years but have achieved no results. We have junior research organizations set up in each department, which usually amounts to someone who does not have much to do who is put in charge of research.

Japan pays an annual retainer to a company for research programs. In 1953, the Japanese instituted a sales program for Japanese cameras. These companies now control 60 per cent of this market for high and low priced cameras. It also launched a program in respect of luggage and stainless steel products. This was based on research carried out by companies on government subsidy. The result of that research was passed on to the producer. The Japanese realized that if they produced luggage of such a quality and price, they could compete on the Canadian market. The manufacturers were told that the Canadian market would accept products of a certain kind. As a result, they concentrated on this field.

I have outlined very briefly the sales drive in the export field by the Japanese. This is the type of thing we must compete against. Japan has also developed another gimmick in export marketing. Japan is short of fuel and energy. Purchasers have come to Canada to buy coal and oil, but this is a two-way street. Japan might purchase $10 million or $1 billion in coal but will then say that having purchased that coal Canada must purchase radios, television sets and tubes manufactured in Japan. If the government of Canada indicates it will not allow these imports and imposes high tariffs, Japan will then withdraw its imports of coal. We will then receive complaints from the western provinces.

Let us now consider West Germany because that country represents another threat to our export markets. This tremendous increase in West German exports started some 40 years ago. Shortly after the war, Germany concentrated on markets in South America. Any business that is done with South American countries now is done through Germany or German financial institutions. In other words, Germany has a strong hold on the whole of the South American economy. This is a shame because South America and Latin America were ripe for Canadian investment and participation.

The United States had exhausted its goodwill in Latin American countries many years ago, and these countries were looking to Canadians but we were way behind the times. The German government sponsored the development of the export industry in the South American countries. Head office plants were established in Germany.