

II CANADA'S ECONOMIC INTERESTS

43. As mentioned at the outset of this report, it is in the economic field that the Pacific region looms largest for Canada, and economic relationships with Pacific countries are still growing at a remarkable pace. Canadian exports to the area doubled from \$699 million in 1965 to \$1.4 billion in 1971. During the same period, Canadian imports from the area rose from \$406 million to \$1.2 billion. The 1971 total of two-way trade with Pacific countries (at \$2.6 billion) represents almost 8 per cent of Canada's total trade and one-third of Canada's overseas trade. All available projections indicate that the volume of trade will continue to grow at a comparable pace over the next few years, with a continuing balance in Canada's favour. At the same time, the flow of Canadian investment to Pacific countries has intensified and Japan has become a very important new supplier of capital for the development of Canadian resources and industry.

44. In spite of this record of growth in Canadian economic relations with the countries of the Pacific region, the Committee believes that more can and must be done to realize the full national potential in this area. There is a special urgency to this objective in view of the growing realization that Canada's economic prospects are vitally dependent on a diversified range of expanding trade relationships. From a Canadian viewpoint, the vast potential markets of the Pacific have only begun to be tapped. If Canadians can meet the new challenges and opportunities in this area, the national economy will be immeasurably strengthened.

Japan

45. Japan accounts for 60 per cent of Canadian exports to the Pacific and almost the same proportion of imports. It is thus not only the dominant factor in Canada's Pacific trade, but a top trading partner in its own right—Japan is now Canada's third largest export market and will probably soon overtake the UK for second place. As the table below shows, Japan also ranks third (after the US and UK) as a supplier of Canadian imports.

CANADA'S PRINCIPAL TRADING PARTNERS
1970 and 1971

46.

<i>Exports to</i>	<i>\$ millions</i>		<i>Imports from</i>	<i>\$ millions</i>	
	1970	1971		1970	1971
United States.....	10,641	12,149	United States.....	9,905	10,949
Britain.....	1,480	1,361	Britain.....	738	832
Japan.....	793	791	Japan.....	582	802
Germany, Federal Republic.....	384	319	Germany, Federal Republic.....	371	429
Netherlands.....	277	235	Venezuela.....	339	388
Australia.....	198	183	France.....	158	213
Belgium-Luxembourg.....	190	181	Australia.....	146	126
Italy.....	184	210	Italy.....	145	157
Norway.....	176	186	Sweden.....	106	113
France.....	154	156	Switzerland.....	81	86
China.....	142	204	Netherlands.....	79	76