

Japanese Textile Exports Suspended

created an extremely difficult situation for Canadian textile manufacturers. The flood of Japanese goods into this field has gone far beyond what might be considered as orderly participation in the Canadian market for textiles, and particularly wearing apparel. It has unquestionably damaged the position of our Canadian manufacturers of certain lines of finished textiles. There has developed as well a serious threat of injury to other sectors of the industry. Already the producers of primary textiles are feeling the inevitable consequences, and these are bound to become more severe.

I have received strong representations from Canadian manufacturers of textiles and textile products, including apparel, in this regard. Having carefully reviewed the circumstances the government of Canada came to the conclusion that the loss of business suffered by Canadian producers and manufacturers as a result of the competition from Japanese goods entering our markets had reached serious proportions, and that if the situation were allowed to continue unchecked even greater damage to their interests was possible.

Accordingly discussions were undertaken with the representatives of the Japanese government in Ottawa and Tokyo, in the course of which the views of the Canadian government were communicated to them. Within recent days I have held discussions with the Japanese ambassador which gave me the opportunity to state the Canadian position. This meeting was followed up by meetings between senior officials of the Canadian government and representatives of the Japanese government.

We were informed only last night of the decision of the Japanese government respecting the suspension of the issuance of new export licences. It is to be noted that the announcement does not affect export licences which are already outstanding. Therefore at this stage we do not know precisely the volume of goods which will be shipped under outstanding export licences.

The announcement will require more careful study before a detailed assessment of its full implications can be made. Nevertheless it would appear that the suspension of the issuance of new export licences in respect of these products would affect something more than a quarter of our total apparel imports from Japan, and would cover many items where the degree of penetration by Japanese competition in our markets has been substantial. Apart from the restraints given effect by yesterday's announcement, Japan has had in operation for some time voluntary export quotas on a variety of items of apparel made of cotton and cotton mixtures. If account is taken of these measures as well

[Mr. Fleming (Eglinton).]

as yesterday's announcement, it would appear that licences are either suspended or under control for three-quarters of the textile apparel items now entering Canada from Japan.

The announcement by the Japanese government is, therefore, welcomed. However, the measures announced in Tokyo yesterday are to be regarded as of a temporary nature until such time as a longer term and more comprehensive solution can be worked out covering textiles in general. We shall, therefore, continue our conversations with the Japanese government with a view to the orderly development of Japanese-Canadian trade which both governments desire.

With permission of the house, Mr. Speaker, I will table copies of the items for which the issuing of new export licences has been suspended by the Japanese government.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, it will be noticed from the minister's statement that the Japanese government has undertaken certain additional voluntary controls on their exports to Canada as the result, I take it, of a request on the part of the Canadian government. It will also be realized that this request was made of a government which already, I believe, has a highly unfavourable balance of trade with Canada. In other words we export more to Japan than Japan exports to Canada. It is to be hoped, therefore, that action of this kind will not interfere with Canadian exports to Japan which are already of such very great importance to us.

I make that observation with the more emphasis because of the export figures which were published today for the month of May and the first five months of this year, which show that during the month of May our exports were down 10 per cent and that during the five months they were down 3 per cent. These figures also show that the greatest decrease in our exports is to those countries outside the commonwealth and the United States, where the exports for the five months have dropped from \$396 million to \$316 million, and that list of countries includes Japan.

It is therefore very important that nothing should be done which would interfere with our export trade to a country which already has an unfavourable balance of trade with this country.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in connection with the announcement just made by the Minister of Finance I might say first of all that this will be somewhat of a continuing problem as a result of the development of these, shall I say, new economies.