

trade and immigration flows across the Pacific now exceed those across the Atlantic.

The Department was involved in the organization of the third Pacific Rim Opportunities Conference, held in Calgary, October 5-7, 1983. Some 400 business leaders, government officials and members of the academic community attended as well as 12 trade commissioners from Canadian missions in the Pacific Rim. The event was sponsored by the Canadian Committee of the Pacific Basin Economic Council.

Canada's relationship with Japan will assume increased significance as the Japanese economy continues to grow and develop in new directions, and as Japan begins to play a larger political role in international affairs. The process of structural adjustment in Canada is being facilitated by co-operation between Canadian and Japanese enterprises, bringing new investment to Canada and introducing new technology and management-production skills.

Australia and New Zealand are very close Pacific partners for Canada, with strong similarities in institutions and political philosophies. The new Australian Prime Minister continued a tradition of close consultations by visiting Canada in June, during his first official trip abroad, to exchange views with Canada's Prime Minister. The first meeting of the Canada-New Zealand Consultative Committee, established under the bilateral Agreement on Trade and Economic Co-operation of 1982, was held in November in Wellington.

Canada continued its active public affairs program in Japan and Australia during the year and increased this activity in other Asian and Pacific countries. The Department organized and financially supported some 102 promotional projects, mainly trade fairs and incoming and outgoing business missions.

The continued strong growth of Canada-China relations was demonstrated by an exchange of prime ministerial visits and by an increase of one-third in Canadian exports in 1983, to \$1.6 billion. Prospects seemed good for participation by Canadian firms in large-scale engineering and high-technology projects in China, based both on recent co-ordinated government-business efforts and on the continued goodwill generated by Canada's early recognition of the People's Republic.

Hong Kong and the Republic of Korea also continued to be important trading partners for Canada, with the former staging a trade recovery from the world recession and the latter showing signs of renewed economic stability and growth after the uncertainties in public mood attending the opening rounds of Sino-British negotiations on the future of the colony. Korea, despite traumatic events that affected its security, continued on the path of stability and development.

Japan

Japan is Canada's second-largest trading partner, and is an important new source of investment and technology for Canada. The dialogue on economic issues continued this year in the Canada-Japan Joint Economic Committee, where new initiatives were taken to facilitate industrial co-operation. Private-sector contacts were strengthened at the annual meeting of the Canada-Japan Businessmen's Co-operation Committee in Kobe. Bilateral sectoral consultative groups met to discuss subjects as diverse as fisheries, canola and science and technology.

Canada's exports to Japan in 1983 increased marginally to

\$4.7 billion. The low rate of growth over 1982 export levels was largely a result of reduced demand and continuing low prices for many Canadian resource products in Japan. In contrast, Canadian imports of Japanese manufactured products, such as motor vehicles and parts and consumer electronics goods, increased significantly. Consequently, although Canada remained one of the few industrial countries with a trade surplus with Japan, this surplus was reduced to about \$300 million in 1983 from the one billion dollar level of 1982. The industrial restructuring and adjustment process taking place in Japan is shifting the Japanese economy away from heavy industry and towards the knowledge-intensive industries. This will have an impact on the composition of Canadian exports to Japan and will make Japanese firms increasingly important partners in the high-technology industries. However, it may provide an opportunity for the export of processed and semi-processed resource products.

Bilateral cultural consultations, under the Cultural Agreement of 1976, took place in Tokyo in December and resulted in agreement to continue exchanges in the visual and performing arts.

China

Canada's bilateral relationship with China was marked by the Prime Minister's visit to Peking in November to discuss his initiative on international peace and security, followed in January by the Chinese Premier's return visit to Canada, where he addressed Parliament and visited Ontario, Quebec and British Columbia. Other Canadian visitors to China during the past year included the Minister of Communications, the Minister of Labour, two senators, provincial premiers, and an RCN destroyer squadron. China's foreign minister (and deputy premier) also visited Canada, as did a group of People's Liberation Army observers to a Canadian Forces winter exercise in Quebec.

Canadian export sales to China continued to grow at a rapid pace, reaching \$1.6 billion in 1983, up from \$1.2 billion in 1982. China thus continues as our second-largest market in Asia, after Japan, and our fifth-largest market world-wide. Wheat continued to be the most important component in this trade, and metals, forest products and fertilizers were also major elements. Chinese exports to Canada also increased in 1983, reaching \$246 million. During the year a number of major trade promotion events were held in China, including a Canada Week in Shanghai in May. During the Chinese Prime Minister's visit to Canada in January, an export contract worth \$20-25 million was awarded to Spar Aerospace Limited for the supply of earth stations. China's recent decision to increase imports of advanced machinery in order to hasten its economic modernization program is expected to offer broad opportunities to Canadian exporters of machinery and high-technology equipment in many fields in addition to communications, including energy, transportation, natural resource extraction, forestry, agriculture, health and education.

About 1 500 Chinese immigrants came to Canada in 1983, making a total of some 18 000 since 1979. At the beginning of 1984, there were at least 1 000 Chinese students studying in Canada, including a growing contingent under CIDA's Human Resources Development Training program, and about 300 Canadian scientists visited China during 1983 on a variety