

tion has not been formulated in all details. Furthermore, we are only beginning to implement these policies and, evidently, the extent to which we will be successful depends crucially upon our principal economic partners after the United States: Japan and Europe.

In this respect, I must say that our initial approaches to Europe have been quite encouraging....

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I can assure you, on behalf of the Canadian Government, that our new foreign policy outlook places equal emphasis on the intensification of our relations with Japan....

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"But why do you suddenly wish to have closer relations with us?" some of our Japanese friends ask sometimes. Quite aside from the fundamental political motivation...the reasons why Canada should strive to broaden and deepen her relations with Japan are so numerous that I can only recount a few of them today. Your country has become, in the last ten years, the third largest industrialized economy in the world, ranking immediately behind the United States and the Soviet Union. Your annual GNP is now very close to \$400 billion and I am fully confident that as we reach the point of recovery in the present economic cycle, growth will resume in Japan at a high rate, even if the fantastic performance of the Sixties does not repeat itself. Japan is also the second largest trading entity in the world; her shipping interests are considerable; her major industries have reached very high levels of efficiency and technical development. In short, your country has all the characteristics which make it a most attractive economic partner for Canada.

Interest not that new

I wish to remind you also that Canada's interest in the development of her "Japanese connection" has not been all that sudden. Bilateral trade relations between our two countries have been expanding rapidly and regularly in the past 20 years. In 1954, Canadian exports to Japan were valued at less than \$100 million; last year they totalled over \$2.2 billion – a more than twentyfold increase. The growth of Canadian imports from Japan has

been even more remarkable: from less than \$20 million in 1954, the value of Japanese products shipped to Canada reached last year more than \$1.4 billion – 75 times more than two decades ago. The same trends can be found in the fields of investment, tourism and other exchanges. It is not surprising, therefore, that Japan has become in recent years Canada's second largest trading partner.

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Space the mutual link

But it may be more relevant to ask why the Japanese people should develop with Canadians this peaceful partnership in the Pacific.... The first word which comes to your mind is probably "resources". But at the risk of shocking you, I maintain that natural resources are not the most valuable thing which Japan can import from Canada, nor what your country needs the most in the long run. What Canada has in greatest abundance is not energy, not minerals, not even agricultural products, but space. And Japan's most vital need, as its economy continues to expand, is not going to be resources, but space.

The Japanese people could gradually reclaim the scarce territory in their islands which has been absorbed by the rapid industrialization of recent decades by arranging for the gradual transfer to Canada of those industries which are the most space-extensive. How can Japan import space from Canada? In my view, long-term arrangements between our two countries to that effect could be the foundation of the partnership which we Canadians wish to develop with your country.

I am referring, of course, to those heavy industries which process raw materials, especially the refining and primary transformation of metals, such as iron, copper, zinc and aluminum, the processing of agricultural products and the manufacture of pulp and paper. These industries need space because they tend to be polluting and must therefore be widely dispersed if the most advanced techniques of pollution-control are to be used.

Canada has all the space necessary for the efficient deployment of these advanced anti-pollution techniques. These industries also require large tracts of land to site bulky plants, to

stockpile raw materials and finished products. For these reasons, most are better located far from large metropolitan centres. In short, these industries are ideally suited to the large expanses which we have in Canada where, in addition, water and energy are abundant.

Benefits of migration

I might add that bilateral arrangements for the gradual migration of these industrial activities to Canada would bring about substantial savings in energy and shipping costs for Japanese industry. Furthermore, it would be easier, within this framework, to ensure secure supplies of industrial materials for Japanese industry and, reciprocally, assured access to markets for Canadian producers of the same. We have accumulated considerable experience and expertise in most primary processing activities and we would be prepared to welcome additional enterprises of this sort in Canada as joint ventures between Japanese and Canadian interests, which would point out that the political stability and steady economic growth of Canada would guarantee the long-term profitability of these investments.

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Industrial co-operation

By exploiting so successfully your own large domestic market and the opportunities of international trade, your businessmen have developed a wide range of efficient and sophisticated industries, whose marketing ability and competitiveness have become world-famous. Similarly, although on a smaller scale and with a much greater concentration on one foreign market – namely that of the United States – Canada has broadened and consolidated her industrial structure. It is unquestionable that the international economic environment of the Fifties and Sixties has been favourable to both our countries and that the commercial and industrial strategies pursued by our respective business and government leaders have met with a large degree of success.

Why not stick with these strategies, then? Why search for new forms of international economic relations? Why should Japan and Canada actively consider a program of industrial co-operation?