

Rate of Growth

In spite of the impressive increase in our trade with Japan during the last 10 years, it has recently been growing at a slower rate than our trade with the United States and some of our other major trading partners.

This may be owing primarily to a period of stagnation in Japan's domestic growth during 1965 and we are looking forward to a resumption of a higher rate of growth in our trade with the currently more favourable conditions in Japan.

Make-Up of our Trade

We are concerned that our exports to Japan are largely composed of raw materials with little if any processing whereas our imports from Japan are made up of highly manufactured goods.

Canada values its traditional exports to Japan such as wheat, primary foodstuffs and industrial materials and we are glad to provide a continuing and dependable source of supply for many of the essential requirements of the Japanese economy. However we are also interested in more rapidly developing our trade in manufactured goods and we have found it particularly difficult to increase our manufactured exports to Japan, despite the fact that we have made striking progress in doing so in other highly competitive markets such as the United States.

I think it natural that we should not want to see this situation continue indefinitely. Canadian representatives have expressed the view that both countries have a large potential for increased trade. They have also expressed the wish that this trade should increasingly take the form of exchanges of processed goods.

In some instances, of course, the reason for Canadian difficulties in selling manufactured goods lies in highly competitive production in Japan. In other instances high tariffs or quantitative import