

Despite the dampening effects of the global economic situation, there has been further progress in developing the economic association which remains the primary element in Canada-Japan relations. In 1978, Japan remained Canada's second largest national trading partner, with two-way trade at \$5.3 billion. Canadian exports to Japan increased 20 per cent over 1977, reaching slightly over \$3 billion, giving Canada a trade surplus of \$783 million. Japan is Canada's largest agricultural market, with farm products (principally rapeseed, grains and pork) accounting for the largest percentage, 35 per cent of Canadian exports to Japan. Japan is also Canada's primary market for coal; copper, lumber, wood pulp and fish products are also important export items. Progress continues to be made in increasing sales to Japan of upgraded and manufactured products.

Two-way trade is expected to continue to grow, and Canada has mounted an intensive trade-development program aimed at increasing the awareness in Japan of Canada's sophisticated industrial capacity and quality as an economic partner. This program has included a number of senior government-industry missions in both directions.

Economic co-operation activities have expanded over the past year. Previous momentum has been maintained (notably in energy, forest products and housing) and possible new areas for joint ventures and Japanese investment in Canada have been explored. A significant development was the signing of a contract in November 1978 between Japanese and Canadian interests involving the Athabasca oil-sands.

The private sectors of both countries have shown considerable interest in enhanced contacts. The first Japan-Canada Businessmen's Conference held in Tokyo in May 1978 improved mutual understanding of different viewpoints and laid the groundwork for further co-operation. The Canadian Government has given its wholehearted support to this significant private-sector initiative.

Since many provinces have strong interests in Japan, the Federal Government has continued to assist their efforts and has consulted them on the content and conduct of Canadian policies vis-à-vis Japan.

Science and technology are of increasing importance, and in June 1978 bilateral consultations were held in Canada that generated considerable momentum for expanded co-operation.

The various components of the cultural relations between the two countries have continued to develop. The visit to Tokyo of the Toronto Symphony Orchestra opened the year, and was followed by visits of artists representing a cross-section of the Canadian performing arts. The academic study of Canada was further encouraged in universities in and around Tokyo. Programs of assistance to Japanese journalists have been vigorously pursued.