

Canada wishes to see trade with Japan expand further in both directions. We believe that Japan can best expand her exports to Canada by shipping goods which do not compete directly with Canadian manufactures. Canada is willing to see growth even in Japan's exports to Canada of sensitive products, provided that this growth is orderly. By orderly growth, we have in mind increases of about 5 to 10 per cent in a year during which the Canadian economy is buoyant and demand for the product in question is rising. It does not mean that increases will be appropriate for every product every year or that decreases cannot be contemplated in exceptional circumstances.

Japan has drawn to our attention her fears about Hong Kong and other countries expanding their exports to Canada under the umbrella of the Japanese quota restrictions. In March of this year, Canadian officials visited Hong Kong for consultations regarding the introduction of voluntary quotas on certain exports to Canada. Further talks were held in London in May, and as a result of these discussions the Hong Kong Government is now consulting with the Colony's textile industry concerning the desirability of applying voluntary quotas on certain exports to Canada and the United States.

Canada is giving strong support to President Kennedy's initiative for an international settlement affecting trade in textiles. We hope Japan will co-operate in this programme which is directed towards obtaining better access to the principal European countries for exporters of low-costs textiles and avoiding disruption of North American markets.

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*Note d'information*

*Briefing Note*

[Ottawa], June 15, 1961

POSSIBLE ESTABLISHMENT OF A CANADIAN-JAPANESE  
MINISTERIAL COMMITTEE ON ECONOMIC QUESTIONS

Senior Japanese officials, including the Ambassador in Ottawa, Mr. Hagiwara, and the Japanese Permanent Representative to the U.N., formerly Ambassador in Ottawa, Mr. Matsudairi, have suggested from time to time that it would be desirable to set up a Canada-Japan Ministerial Committee which would meet, perhaps annually, in Ottawa or Tokyo to discuss economic questions of mutual interest. It is possible that the Japanese Prime Minister may bring up this suggestion during his visit.

2. Strictly speaking, the only parallel bilateral arrangement which we now have is the Canada-U.S. joint Committee on Trade and Economic Affairs which consists of Canadian Ministers and U.S. Cabinet members or officials of Cabinet rank, and meets alternately in Ottawa and Washington each year. With the U.K. there is no comparable bilateral Ministerial meeting on a regular basis. There is, of course, the Commonwealth Economic Consultative Council which is a meeting of finance and economic Ministers from all Commonwealth countries, and there is also the Canada-U.K. Continuing Committee which consists of senior officials and meets annually in Ottawa or London. It would therefore be a development of some significance if Canada were to single out Japan as the only country other than the U.S. with which we had a regular bilateral Ministerial meeting on trade and economic questions.

3. The Japanese, if they made a definite proposal on this matter, would no doubt feel that it would be justified, first of all, in terms of the growing importance to both countries of Canada-Japanese trade. They are our third largest market, importing in 1960 Canadian merchandise to the value of approximately \$180 million, and Canada is undoubtedly of the greatest importance