

Bulletin

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MINISTERIAL MISSIONS TO PROMOTE TRADE

In an address to the Canadian Club of Montreal on March 6, the Minister of Industry, Trade and Commerce, Mr. Jean-Luc Pepin, examined as follows some of the problems encountered by ministerial missions that he has led during the past year or so to the Soviet Union, China and Japan:

What were the problems to solve in the mission to the U.S.S.R.? We observed:

- (1) that the economies of the U.S.S.R. and Canada are not complementary in the traditional way – we produce and export a lot of the same things;
- (2) that the U.S.S.R. is an advanced country technologically;
- (3) that it is difficult to make direct contact with Soviet end-users.

The conclusion: let's have an agreement with the U.S.S.R. for co-operation in science and technology in areas of mutual interest that would lead to closer contacts with operating ministries, to the exchange of "know-how" and to sales of sophisticated machinery.

That is why the mission to Moscow last January included in addition to officials and a politician, 12 businessmen knowledgeable in the industrial applications of science and technology in their respective fields of business. The politician was there

to conclude a scientific and technological agreement. It established a number of mixed "working groups", whose purpose is to study and identify areas where co-operation might be mutually beneficial. The existing working groups cover: architecture and construction and building materials; forest-based industry; non-ferrous metals industry; electric power industry; oil industry; gas industry.

Each group has met at least once, either in the U.S.S.R. or in Canada, since the agreement was signed.

Two more groups will be created at the next meeting – one on the transport industry and another on "agri-business".

Already, there are clear indications that the agreement has opened doors for the sale of a diverse range of goods and services. A few examples are: prefabricated housing; forest-harvesting equipment; sawmill complexes, pulp and paper plants; plywood mills; geophysical survey equipment; evaluation and planning of new mines; truck block-heaters; air-traffic-control equipment; large four-wheel-drive tractors; poultry incubators....

Furthermore, the signing of the scientific and technological agreement, Mr. Trudeau's visit to the U.S.S.R. last spring and Mr. Kosygin's visit to Canada last fall have brought about a closer working relation with the Soviet Union which certainly contributed to the signing last week of a contract to sell \$330 million of wheat to that country during the coming crop year. This sale, like all wheat sales, will benefit the whole of Canada. (Shipments worth \$250 million under the current contract are now being delivered.)

MISSION TO CHINA

In the case of China, the situation was somewhat different. Canada had established diplomatic rela-

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tions with the People's Republic of China but trade prospects with that country were uncertain and admittedly limited - China imports only about \$2-billion worth of goods. A mission was therefore set up to discuss with the Chinese authorities the trade prospects and methods of doing business and obtaining the best possible lines of communication and terms of entry.

As a result of the June-July 1971 mission, the Chinese agreed to look to Canada first as a source for wheat. This agreement has been honoured since then by two purchases, the first in September 1971, valued at \$30 million, and another last December for wheat to be delivered in 1972 and valued at nearly \$200 million.

In addition, I might mention *inter alia*:

- There will be a Canadian solo trade fair in Peking, August 21 to September 2, 1972, which will be the largest Canadian industrial exhibition ever to be held abroad. Some 250 Canadian companies have indicated an interest in participating. The Chinese will be coming to the CNE in Toronto this summer with a major exhibition.
- The Chinese Minister of Foreign Trade, Mr. Pai Hsiangkuo, is expected to visit Canada this year; a Canadian minister will represent the Canadian Government at the trade exposition in Peking.
- Both sides agreed to hold formal trade consultations each year. The first such meeting took place in Peking in December 1971, at which time the Chinese gave the Canadian side an indication of their import needs for 1972. This information has been made available to members of the Canadian business community and will serve as the basis for Canadian trade promotional activity in the coming year (at Canton and at Peking). The Canadian delegation reviewed Canadian export capabilities in great detail for the benefit of Chinese state trading companies.

It is expected that during 1972 there will be a broadening of the range of Canadian exports to China to include manufactured and sophisticated items in addition to the continuing sales of wheat.

Canada's trade with China is important. 1971 exports were valued at approximately \$204 million and imports at \$23.3 million. In addition to wheat, Canada exported to China, wood pulp (\$2.1 million), tire fabric (\$730 thousand), tallow (\$2.0 million), aluminum ingots (\$2.2 million), nickel anodes (\$743 thousand) and X-ray equipment (\$236 thousand), some of those sales resulting directly from the mission.

MISSION TO JAPAN

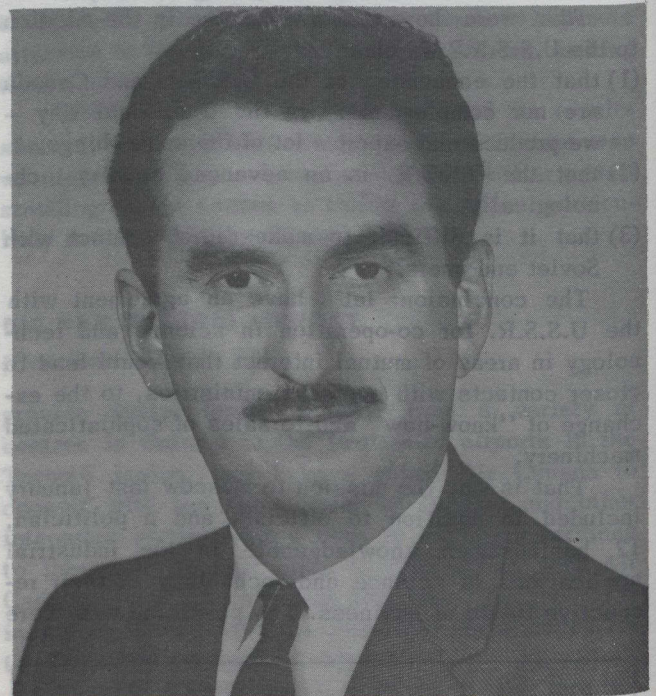
Of all the ministerial economic missions organized these past few years, the one which I led to Japan a few weeks ago may well be the most important in trading terms. It was the largest economic mission

Canada has ever sent anywhere in the world. It was subject to a very extensive and thorough preparation and the effects have already been most encouraging, as you will see.

Japan is Canada's third largest market and may very soon displace Britain as our second most important market. In 1965, two-way trade between our two countries totalled \$456 million, and Canada had a surplus of almost \$100 million. By 1971, trade had more than tripled, reaching \$1.6 billion (about \$800 million each way).

What was "the problem"?

While on the surface things appeared to be going very well, Canada had for some time been concerned with the composition of its exports to Japan, that is their degree of fabrication. In 1971, fully 97 per cent of our imports from Japan were in the category of manufactured products, which contrasted very sharply with our exports of end products to Japan, which account for less than 3 per cent of the total. This compared poorly with our performance in other markets. As a simple example, about 45 per cent of our total exports to the U.S.A. are fully manufactured. In the Philippines, over 60 per cent of our sales are in manufactured form.



Mr. Jean-Luc Pepin,
Minister of Industry, Trade and Commerce

Our purpose in going to Japan was to try to remedy the situation, to try and add a new dimension to our exports to Japan. We had suggested that part of the problem lay with Japanese import controls and administrative procedures, which are too restrictive and do not allow the free movement of goods. On the

CONSERVATION OF HISTORIC CANALS

Eight canals of historic importance have been transferred to the Conservation Program, which includes the National and Historic Parks Branch, Jean Chrétien, Minister of Indian Affairs and Northern Development, announced recently.

These waterways, which were administered by the Canals Division of the Ministry of Transport, are now used primarily for recreation. Under the Conservation Program, the Canals Branch plans to work closely with the provinces to develop the recreational potential of these waterways and to protect their park, wildlife habitat and historical values.

The transferred canals are: the Rideau, Trent-Severn and Murray in Ontario; the Carillon and Ste. Anne Canals, on the Ottawa River, and the St. Ours and Chambly Canals, on the Richelieu River, all in Quebec, as well as the St. Peters Canal in Nova Scotia.

ONTARIO CANALS

The 123-mile Rideau Canal between Ottawa and Kingston was completed in 1832 by working parties of the Royal Engineers, following the 1819 report on the defence of Canada by the Duke of Wellington, which recommended a series of waterways north of the Great Lakes as a protective measure.

The six-mile Tay branch of the Rideau, from Rideau Lake to Perth, was built between 1831 and 1834.

The 240-mile Trent-Severn Canal, which links Trenton on the Bay of Quinte and Port Severn on Georgian Bay, follows throughout most of its length the historic Iroquois Trail, used by members of the Five Nations in their deadly descents on the Hurons. It was also probably the route followed by Champlain when he discovered Lake Ontario in 1618. The canal, which was begun in 1833, includes the Peterborough lift lock, which is world-famous for its vertical rise of 65 feet.

The 7.53-mile Murray Canal connects Presqu'île Bay on Lake Ontario with the Bay of Quinte. Built between 1882 and 1889, it is the only one of the eight canals that does not contain locks.

QUEBEC CANALS

The Ste. Anne Canal was built from 1840 to 1843 and enlarged to its present nine feet in 1886.

The Royal Staff Corps constructed the first Carillon Canal from 1825 to 1833. In 1660, near the site of the present canal, Dollard Des Ormeaux and his 16 companions perished in their heroic and successful attempt to turn back some 700 Iroquois bent on attacking the young settlement of Montreal. The present Carillon Canal was built in 1963, owing to a power development on the Ottawa River.

The Richelieu River canals follow the war path of early Iroquois and whites. The St. Ours Canal was

constructed between 1844 and 1849 and the Chambly Canal was built between 1831 and 1843. Still standing are the well-preserved walls and some of the buildings of Fort Chambly, built in those early days of warfare.

Between the Chambly Canal and Lake Champlain, stands Fort Lennox, a good example of eighteenth century British military architecture.

NOVA SCOTIA CANAL

The St. Peters Canal, built between 1854 and 1869, connects the Bras d'Or Lakes and the Atlantic Ocean. It is chiefly used by vessels to and from Sydney, Nova Scotia, seeking a more protected passage than is afforded by the open sea. It was built on the site of an Indian portage.

AID TO AFRICAN SCHOLARS

The efforts of African countries to produce more university-trained workers will receive a boost from financial assistance provided by the Canadian International Development Agency.

During the next five years, CIDA will contribute \$1 million to a university scholarship fund administered by the Association of African Universities of Accra, Ghana. CIDA funds will be used initially to finance 40 new scholarships a year for the next three years. They will be divided equally between French-speaking and English-speaking African countries where Canada has a development-assistance program.

Only students who agree to take their university training in an African country other than their own will be eligible for scholarships. Moreover, the scholarships will be restricted to undergraduate students studying subjects important to the economic development of African countries.

Each scholarship, worth an average of \$2,000 annually, will cover tuition costs, provide a living allowance for the student and pay his return travel fare to his home. The student's government is responsible for his transportation to the university.

The \$1-million grant will supplement other CIDA efforts to expand the size of Africa's skilled labour force. For a number of years CIDA has provided scholarships for African students to study at universities and vocational institutes.

African countries eligible to nominate students for Canadian financed scholarships in African universities include (French-speaking): Algeria; Burundi; Cameroun; Chad; Congo (Brazzaville); Dahomey; Gabon; Guinea; Ivory Coast; Madagascar; Mali; Mauritania; Morocco; Niger; Rwanda; Sénégal; Togo; Tunisia; Upper Volta; Zaire (formerly Congo-Kinshasa); and (English-speaking): Botswana; East African Community; Ethiopia; Gambia; Ghana; Kenya; Lesotho; Malawi; Mauritius; Nigeria; Sierra Leone; the Somali Republic; Swaziland; Tanzania; Zambia.

ARCTIC WINTER GAMES

Governor-General Roland Michener opened the Second Arctic Winter Games in Whitehorse, capital of the Yukon Territory, on March 6.

Participants in the six-day Games, which are held every two years, must have lived above the 60th Parallel at least six months. They come from the Northwest Territories, the Yukon and Alaska - 299 from each area. This year as an experiment, 80 competitors in junior events came from northern Quebec. Winners of the first, second and third places receive medals, shaped like *ulus*, the characteristic Eskimo cutting tools, cast in gold, silver and bronze.

Besides the traditional sports such as badminton, basketball, curling, skating, ice hockey, skiing and wrestling, 20 Eskimo and Indian games such as *ipirautaqturniq* (a whip contest), *tiliraginik qirigtagtut* (jumping through the stick) and *aksunaiqtug* (rope gymnastics), are included in the Arctic Winter Games.

VISITORS FROM EASTERN RUSSIA

At the invitation of Mr. Jean Chrétien, Minister of

Indian Affairs and Northern Development, two senior officials of the Soviet Republic of Yakut were also present as official observers of the Games.

Semeon Ivanovich Alexsaev, president of the sports committee of the Yakutian Republic, and Maximovich Danilov, who is in charge of the sports program in the Yakutian Ministry of Education, travelled to Moscow from their home in eastern Russia, changed planes in Montreal and then made the trip to Whitehorse, where they stayed for a week. The Department of Indian Affairs and Northern Development paid all travel expenses and provided an interpreter for the visitors.

The Governor General said in his opening address that the establishment of the Games was "a mark of the character and determination of our northern compatriots". "It is evidence, too," he declared, "of a growing independence among northern people and a feeling that they have a community life of their own which is distinctive and viable."



Contestants in the harpoon contest



A competitor in "a handstand game" balances his body on two hands then throws one hand up in an attempt to touch a piece of leather suspended from a string above him. The leather is lifted higher and higher until a winner is declared.



Medals given to winners in the Arctic Winter Games show the Games' emblem, three rings tied with a love knot, representing the three areas above the 60th Parallel from where contestants come.



A 30-foot whip is used in the Eskimo sport of ipirautaqturniq to flick tin cans from a snowbank.

AIRCRAFT SALE TO FRANCE

More than \$70-million worth of work for Canadair Ltd., is expected to result from an agreement signed between the Montreal aircraft manufacturer and Dassault/Bréguet-Aviation of Paris, France, Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce, announced recently.

"I am happy to say that my Department has been able to help Canadair negotiate the contract to manufacture wing components for the *Mercure* twin-jet aircraft," Mr. Pepin said. "Work under the contract is to start immediately and will mean employment for 650 people at the peak of production."

The French firm is now going into production of more than 250 of the 150-passenger commercial short-range airliner which will go into service during 1975.

MINISTERIAL MISSIONS TO PROMOTE TRADE

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other hand, some Japanese businessmen had suggested that Canadians were not being aggressive enough in pursuing trading opportunities in Japan. There was probably some truth in both explanations and that is what the mission to Japan set out to clarify.

THE "PEPIN TYPHOON"

The problem was: how can Canadian exporters penetrate the Japanese market with manufactured goods?

The 31 Canadian businessmen on the trip spent a whole week meeting with their Japanese counterparts, informing them on Canadian export capacity, discussing business opportunities, determining existing impediments.... During the five days we were there, it was estimated that they met well over 1,500 Japanese businessmen and officials. Some people referred to our operation there as a "blitz" (the Japanese Minister of International Trade and Industry referred to it, in a friendly way, as the "Pepin typhoon"). I personally met five Japanese ministers, the Prime Minister, the heads of all five major trading companies, and addressed the Keidanren and the Japanese Press Club.

I believe we were successful in making "our case".

- The Japanese Government and business community recognized that the present "mix" of Japanese imports from Canada did not give a true picture of Canadian export capabilities and that a better trade pattern was required.
- The Japanese were made more aware, thanks to the work of the participating businessmen and officials, that Canada has the capacity for the development of exports of manufactured goods as well as industrial materials and foodstuffs. This

process of education is going on and will have to be amplified. A science and technology mission, led by the Honourable Alastair Gillespie, Minister of Science and Technology, is now on its way to Japan.

- Japanese ministers agreed to give special attention to the early resolution of particular trade difficulties which exist between our two countries (live cattle, poultry, apples, etc.).
- The giant Japanese trading companies agreed to co-operate in helping Canadian efforts. In this respect, planning is already well under way for visits to Canada by high level teams of representatives from three of the largest trading companies in Japan (Mitsubishi, Sumitomo, Marubeni), which will endeavour to develop exports of Canadian manufactured goods and services to their country and to third markets.
- Finally, Canadian industry representatives on the mission better appreciate (and I hope that they are spreading the good word) that it will be necessary to "try harder" to increase Canadian exports to Japan. The new atmosphere and the important high level contacts established with Japan industrialists during the mission indicates however that their efforts likely will have a better chance of success now than in the past... especially if they are multiplied.

POTENTIAL MARKET PRODUCTS

A whole list of products having a strong market potential in Japan was identified by the mission members and compiled by officials in my Department, and is available on request. Among the more important, let me mention: STOL aircraft; waterbombers (for fire-fighting); integrated circuits and semi-conductors; aircraft simulators; computer peripherals; computer software; airport ground equipment; pollution-control equipment; logging equipment; mine-excitation equipment; packaging technology; wooden housing components and systems; meat, and meat products; fish; frozen vegetables; pet food; etc....

Businessmen who have participated in these various missions now realize better the vast opportunities which exist for Canadian manufactured products in those export markets. My Department, in conjunction with the Export Development Corporation, other Federal Government agencies and provincial departments, is continuously trying to improve its various forms of assistance to Canadian businessmen so that they may better compete. We would expect that with these improved services and promotional aides, our businessmen will become more competitive and more aggressive so that our very remarkable performance of the past years will not only continue but will actually improve. There is one thing politicians and officials cannot do - that is conclude the business deals....

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