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TRANSPACIFIC NEIGHBOURS - CANADA'S TRADE WITH JAPAN

The following address was given by Prime Minister Diefenbaker on October 28, 1961, to the Japan - Canada Trade Council in Tokyo:

"...Japan and Canada, as neighbours across the Pacific, should enjoy good relations and mutual respect. Canadians know and appreciate the admirable qualities of the Japanese people which have been transplanted to Canadian shores. Today, 26,000 Canadians of the Japanese race are contributing to the enrichment of Canadian life.

"Not only are we close neighbours and good neighbours, but we have things in common, although different in language and culture. Almost simultaneously, Canada set out on its road to independent nationhood and Japan burst forth from two centuries of isolation to become in a remarkably short time one of the most advanced nations in the world.

"We derive a common benefit from trade among nations. We have a common dedication to the ideal and practice of parliamentary democracy. Both have made known their determination to preserve freedom in the face of peril.

"Good relations, respect and trust between free nations are imperative. Japan and Canada and all free nations are threatened by the Communist leaders, who prophesy the ultimate triumph of the Communist system. The burdens and responsibilities have become awesome and grave for free nations determined to preserve their freedom.

"In Europe the Soviet Union has clapped the shackles of the Communist system and an alien

military occupation on nations with proud traditions of freedom and independence. These nations, once free, still long for the fresh air of freedom and chafe under the alien rule which has been imposed upon them.

"The Soviet leaders have created a crisis in Berlin out of which they hope to complete the enslavement of Eastern Europe. They have created the crisis with brutal contempt for the fears of mankind that nuclear war with all its horrors will break out.

EFFECT OF SOVIET TEST RENEWAL

"The problems of peace and security have been vastly intensified by Soviet actions since September 1. On that date, the Soviet leaders unilaterally repudiated the moratorium on nuclear testing which had brought to mankind a frail hope that the world would be spared for present and future generations the incalculable dangers of radioactive fall-out. I do not need to speak in Japan of these things, for I know that the Japanese people have reason to share a common dread of the massive experiments now unleashed with such cynical abandon by the U.S.S.R.

"Japan and Canada have joined with other nations affected by the drift of radioactive debris in an earnest and solemn appeal to the U.S.S.R. not to proceed with their fearful plan for detonating a 50-megaton super-bomb. The resolution urging the Soviet Union to abandon its plan to explode the super-bomb was approved in the United Nations two days ago by an overwhelming majority of 75 votes (including

Canada and Japan) to 10 (the countries in the Soviet orbit), with one abstention.

"We believe that there must be an end to nuclear testing, for the alternative is an accelerated armaments race in which all humanity will be the victim of the madness of a few.

"As a beginning, an immediate stop to further explosions and the achievement of a safeguarded international agreement on nuclear testing would be an important step.

"Further than that, the world must have a comprehensive programme of disarmament. An effective system of general and complete disarmament should be worked out and developed by stages until the final goal is reached.

NEW DISARMAMENT PROPOSALS

"A new and workable set of disarmament proposals is now before the United Nations. Canada played a part in the preparation of these proposals and it is hoped that they will receive constructive consideration by all nations at the General Assembly. The fears of the world would be relieved if the U.S.S.R. would but match its words of peace with deeds of genuine co-operation in this regard.

"Amid all these overhanging dangers, friendship and co-operation between Canada and Japan are imperative. Much has been done to strengthen that desirable objective.

"There has been an increasing exchange of visits by Japanese and Canadians from all walks of life, which has built up a fund of mutual appreciation and understanding.

"It was my pleasure to welcome Japan's former Prime Minister, Mr. Kishi, to Canada in 1960 and to welcome Prime Minister Ikeda to Canada in June of this year.

"I believe that visits between statesmen have had and will continue to have a beneficial effect on the relations between our countries. Prime Minister Ikeda and I agreed last summer to establish a Japan-Canada ministerial committee to facilitate the meetings of Canadian and Japanese ministers from time to time, not to negotiate on problems but to familiarize themselves with various aspects of each other's country. The first meeting of this ministerial committee will be held in Japan as soon as a convenient occasion arises. I am sure that a ministerial meeting - a beginning of more to come - will be of great value in maintaining the close co-operation which our countries enjoy in many fields.

FISHERIES CO-OPERATION

"In recent years the broad expanse of the North Pacific has served to link us closer in co-operative endeavours to develop the valuable resources of salmon, herring, halibut and other fish. The fishery resources of the North Pacific Ocean are important to Canada, as they are to Japan. The International Convention for High Seas Fisheries of the North Pacific continues to be a valuable instrument to conserve these resources. The International North Pacific Fisheries Commission, which is holding its eighth annual meeting in Tokyo at the present time, has shown enterprise in developing the implementing

programmes of scientific research which have contributed significantly to a knowledge of the fisheries of the North Pacific Ocean. It serves also as an example of three nations - Canada, Japan, and the United States - working constructively in international concert to gain scientific knowledge whereby the protection and expansion of common resources may be ensured.

"It is the hope of the Canadian Government that this Convention will continue, because we believe that international co-operation based on mutual interest and respect is essential in matters pertaining to fisheries, as in other fields.

JAPANESE INVESTMENT IN CANADA

"When Prime Minister Ikeda was in Ottawa last June, he raised with me the Japanese interest in the possible establishment and development of Japanese investments in Canada. I indicated to the Prime Minister at that time that mutually-satisfactory arrangements would be made for the entry to Canada of Japanese nationals required in connection with certain of the operations of these enterprises.

"The Canadian Government has now agreed to a plan in respect thereof, as follows:

- (a) Non-immigrant managerial, supervisory and technical personnel for specified Japanese-owned enterprises in Canada will be admitted to Canada for periods of three years each, subject to annual renewal of status, which will be granted automatically if the original conditions of entry still exist.
- (b) Permanent admission will be granted to limited numbers of key managerial, supervisory or technical personnel of Japanese mining and manufacturing enterprises establishing in Canada, provided such personnel are shown to be essential to the enterprise and needed on a long-term basis and that the enterprise will employ a majority of Canadian citizens or persons already resident in Canada.

"Many members of this audience are businessmen with a direct interest in trade between Japan and Canada, and I shall now speak of that phase of our relations.

"The trade agreement of 1954 between Japan and Canada was signed before Japan became a party to the General Agreement on Tariffs and Trade. By the trade agreement, Canada was one of the first countries in the post-war period to accord to Japan the full benefits of the most-favoured-nation tariff. Canada was a strong supporter of Japanese accession to the GATT. In various other international bodies Canada has taken a stand in support of Japan being accorded its rightful opportunity to participate on a basis of equality in international trade.

TRADE WITH JAPAN GROWS

"A significant and mutually beneficial expansion in trade has taken place under the stimulus of the trade agreement. In 1953, the last year preceding the agreements, Japanese exports to Canada amounted to \$14 million. By 1960 exports had increased to \$110 million, an eightfold increase in less than eight

TWENTY-FIFTH BIRTHDAY OF THE CBC

The following is the text of a message delivered over the Canadian Broadcasting Corporation television network by Prime Minister Diefenbaker, on the twenty-fifth anniversary of the CBC on November 2:

"The CBC as a corporation is 25 years old, but the idea of a national and publicly-owned system of broadcasting is 29 years old. Legislation paving the way for the CBC was put before Parliament in 1932. The Prime Minister of the day, the Rt. Hon. R.B. Bennett, established the principle of a public and national broadcasting system.

"He saw broadcasting as a public trust which must, to use his own words, 'respond most directly to the popular will and the national need.' Again, speaking in Parliament, Mr. Bennett said, in 1932, that 'the plan now suggested, when in operation, will permit Canada to enjoy a scheme of radio broadcasting unexcelled in any other country of the world.'

"This statement was concurred in by Parliament and has been the view since of succeeding Prime Ministers.

"A birthday party is a time for retrospect and prospect--of looking back and looking ahead.

UNIFYING INFLUENCE

"National radio has brought the Canadian family together with full recognition of the dual cultural character of this nation. It has given Canadians a sense of oneness. Through national radio, Canadians everywhere have felt the rich heritage of this country.

"Extending the lines of communications has always been a challenge to Canadians. Communication has contributed colorful chapters in the history of Canada. In the building of Canada, one of the most influential factors has been the development of radio communications from coast to coast. Indeed, the public broadcasting networks of Canada are the longest, and probably the most complex, of any in the world.

"A quarter of a century is not a long time, but when we look back on the early national radio broadcasts, it is difficult to imagine society without radio. I recall most vividly the special events of those early days when King George V was speaking to his peoples everywhere from Buckingham Palace at Christmas.

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CANADIAN WHEAT IN BELGIUM

As part of its dynamic trade promotion programme, Canada is taking part in the important Euroba II Bakery Exhibition in Brussels, October 28 through November 12. Belgium is at present importing 10 million bushels of Canadian wheat annually, and Canada's exhibit is devoted to the promotion of wheat and flour. In this connection, the Department of Trade and Commerce has published, in French and Dutch, a booklet called *Wheat and Flour From Canada*.

WARTIME ACHIEVEMENT

"During World War II, the CBC rose to splendid heights and was undoubtedly one of the most influential factors in rallying the determination of this nation. For the first time in history, we shared in the world drama and tragedy. How could the indomitable Churchill have inspired us had it not been that we heard him in person in the quiet of our homes?

"I wish to pay a special tribute to the National News Service of the CBC, which has become an institution regarded in many countries as a model.

"Canada's broadcasting structure itself is a compromise between the complete state monopoly of the United Kingdom and the private operation of the United States. Canada has integrated the two ideas into a complex system which reaches almost 100 per cent of all Canadians.

"Broadcasting is a public trust. The benefits of a national radio system must be assured to the people as a whole. A national radio is a public trust and must be free of political direction; equally, it must be free of political partisanship.

THE BBG SET UP

"To further the Canadian system of broadcasting, four years ago Parliament provided for the setting up of the Board of Broadcast Governors and thereby freed the CBC from the awkward role of being a judge in its relations with private broadcasting. We brought order out of confusion and complaint between the private and public systems.

"The public system has been strengthened in these four years and the CBC radio service has become available to an additional two million people and CBC television service has become available to an additional three million Canadians.

"Parliament also makes capital grants for expansion. In the past four years, Parliament has made available a total of \$276 million to maintain and improve the public broadcasting system to the end that it will serve the needs of all Canadians.

"The CBC contributes to national development and has become an expression of nationhood.

"I extend congratulations to all members of the staff and I wish a happy birthday to the CBC after 25 years of service, and hope that in the next 25 challenging years its contribution to Canadian unity, citizenship and culture will be even greater than in the past."

by government inspectors; and the high percentage and unique quality of the gluten which gives Canadian hard wheats unsurpassed strengthening influence on flours obtained from their admixture with weaker soft wheats.

Tracing the evolution of Canada's reputation as a producer of the world's finest wheat, the booklet points out that "as the Battle of Waterloo was being fought and all Europe was aflame with the climactic struggle against Napoleon, the first successful crop of spring wheat was swaying, rich and promising, in the sunny breeze of the Canadian Prairies. Little did the world then realize that these few bushels soon to be harvested near Fort Garry (now Winnipeg) would turn into an ocean of top-quality wheat, which ranges from three hundred to seven hundred million bushels annually, gathered from an area of more than eight million hectares."

CHIEF JUSTICE RETIRES

Prime Minister Diefenbaker recently announced that the retirement of the Honourable Esten Kenneth Williams as Chief Justice of the Court of Queen's Bench for Manitoba and District Judge in Admiralty for the province of Manitoba had been accepted by the Governor General in Council.

The retirement, which will take effect on January 1, 1962, will conclude more than 15 years on the Bench for the 72-year-old Chief Justice.

The Prime Minister said Chief Justice Williams had rendered notable service to his profession and to his country, and had carried out his duties with distinction and ability.

Chief Justice William's successor would be appointed and announced later, the Prime Minister added.

ALBERTA TO AUTHORIZE INCOME TAX

A special three-day session of the Alberta Legislature will be called November 28 to allow the Government of Alberta to enact legislation permitting provincial entry into the personal and corporate income tax field.

A new federal-provincial tax agreement allows Canadian provinces to establish their own taxation rates. These may provide provincial revenue above, below or at the same level as revenues formerly collected by the Federal Government and turned over to provinces under the previous tax-sharing agreement.

PROGRESSIVE WITHDRAWAL

During the next five years the Federal Government will withdraw progressively, to a maximum of 20 per cent of current rates, from the personal income-tax field in Alberta, and from nine of the 45 "points" it now levies against corporation taxable

income. In 1962 the amount of personal income tax from which the Federal Government will withdraw is 16 per cent.

No change in the rate of taxation is contemplated in Alberta in 1962, although the province is free to set a rate of tax to bring in revenues in excess of the amount normally turned over by the Federal Government. Alberta is reported to be one of the few provinces in which personal and corporation income taxes will be maintained at their current levels.

The Federal Department of National Revenue will continue to collect all taxes for both governments.

GUATEMALAN ENVOY INSTALLED

On November 7, His Excellency Carlos Alejos presented his Letter of Credence as the first Ambassador of Guatemala to Canada. The ceremony took place at Government House, where the Chief of Protocol of the Department of External Affairs, Mr. Henry F. Davis, presented the Ambassador to the Governor General.

Mr. Alejos has been Ambassador to the United States since 1960. He will continue to hold his appointment and to reside in Washington.

ACTING UN SECRETARY-GENERAL

On November 3, the Secretary of State for External Affairs, Mr. Howard Green, sent a message of congratulations to U. Thant, the Permanent Representative of Burma to the United Nations, on his appointment as Acting Secretary-General. Ambassador Thant's appointment until April 1963 to complete the term of office of the late Secretary-General Dag Hammarskjold, was recommended by the Security Council and approved unanimously by the United Nations General Assembly.

The following is the text of Mr. Green's message to Ambassador Thant:

"On behalf of the Government of Canada, I congratulate you on your appointment as Acting Secretary-General of the United Nations. Your acceptance of this position at this critical period in world affairs and in the history of the United Nations is yet another indication of the devotion to the United Nations which you have always displayed. It is particularly gratifying that your appointment to this high office has been accomplished without sacrifice of the integrity of the office of Secretary-General or the fundamental principles of the Charter.

"I am conscious of the heavy burden which you will be required to bear in seeing the United Nations through the difficult days ahead, but I am fully confident that you will meet the responsibilities of your new office in the best interests of the United Nations as a whole. I assure you of Canada's full co-operation in assisting you to discharge your duties."

TRANSPACIFIC NEIGHBOURS

CANADA'S TRADE WITH JAPAN

(Continued from P. 2)

years. In the same period Canadian sales to Japan have also shown a substantial increase for \$119 million to \$178 million.

"Concern has sometimes been expressed that trade between Japan and Canada is not in balance. I think the answer lies in the approach to international trade which is taken by both Canada and Japan. We believe in multilateral trade which has regard to overall balance and does not consider that the value of trade between two individual countries should be approximately equal.

"I should add that the experience of other countries shows that attempts to balance trade bilaterally usually mean balancing it at a low level, which could only result in the lowering of living standards.

"Canada buys from Japan textiles, clothing, toys, optical goods, radios, and other electrical items, plywood, footwear, canned fish, manufactured goods, -- virtually all of which compete with similar products made in Canada.

"Canada sells to Japan foodstuffs and industrial raw materials, wheat, barley, oil seeds, iron ore, copper, woodpulp, coal and other primary products, virtually all being used for processing in Japanese mills and factories, thus contributing to the expansion of Japan's industries. These facts would indicate that, in the composition of trade with Canada, Japan enjoys a significant advantage.

ADMITTANCE OF JAPANESE GOODS TO CANADA

"I think that it is generally agreed that Japanese goods enjoy freer access to the Canadian market than to the market of any other industrialized country in the world. Canada's tariffs are moderate and the only special safeguard for Canadian industry rests on a number of restraints on specific export being applied by Japan itself. Such restraints are in the interests of Japan's future markets and long-term economic well-being.

"It is of interest that Canada, with a population of 18 million people, buys more made-up textile products from Japan than does the whole of Western Europe, with over 200 million people. When industrial nations maintain severe restrictions on imports from Japan, problems of market disruption are bound to arise in Canada and other countries that do not maintain such restrictions.

"For that reason, Canada, in the meetings of the GATT and also in the North Atlantic Treaty Organization, has been urging the European countries to relax restrictions on imports from Japan.

"I believe that many of the problems encountered in our trade relations would not have arisen if all countries were taking reasonable and equitable quantities of exports from Japan.

"At the time the trade agreement between Canada and Japan was entered into, it was realized that Japanese exports could cause market disruption in Canada. Therefore a clause was included in the agreement whereby Canada was recognized to have the right to apply fixed values for duty in the event

of damage to Canadian industry resulting from imports from Japan. In the seven years which have elapsed, this special clause has never been used. Our problems to date have been met through consultation and by the adoption of voluntary restraints by Japan designed to avoid damage to a market which holds much promise for the future.

JAPAN'S VOLUNTARY QUOTAS

"Japan first took the initiative in introducing quotas on a number of textile exports to Canada in 1956. Since then, the range of quotas has been progressively increased, but in 1959 the quota levels became a subject of consultation between governments. In that year it became evident that an extraordinary increase was taking place in Japan's exports to Canada, with a heavy concentration in a narrow range of products.

"The quotas established covered not only a wide range of textiles but also hardwood, plywood, and stainless-steel flatware. In the years 1960 and 1961 the scope of these quotas was extended to include several other products. Despite these necessary measures, two-thirds of Japan's total exports to Canada are free from export restraints of any kind.

"The Canadian Government accepts the principle of orderly growth of Japanese exports to Canada. Let me make it clear that by orderly growth we have in mind that individual products which are competitive with Canadian production should be allowed to increase by about 5 to 10 per cent in years when the Canadian economy is buoyant, when the level of unemployment is not above normal levels and when demand for the products in question is rising.

"In what I have said I would not wish to leave the impression that imports should automatically increase by this amount in products where the Canadian market has already been flooded or that, in extreme cases, some cut-back should not be considered. On the other hand this does not exclude larger increases for products where Canadian industries are not experiencing difficulties.

"Canadians have followed with much interest the development of the Japanese Government's intention to double its national income within ten years. The growth of Japan's export trade will obviously have an important role to play in the realization of this objective.

ORIGIN OF CANADA-JAPAN TRADE PROBLEMS

"I should point out that the difficulties which have arisen in Canada as regards trade, result not from the total level of imports from Japan but from a concentration in particularly sensitive lines such as textiles and other consumer products. I suggest that Japanese businessmen should make detailed first-hand studies of the Canadian market and try to diversify Japan's exports to Canada over a wider range of commodities. Japanese exporters might explore the opportunities for exporting to Canada capital equipment, machinery, and semi-finished products, especially goods of a kind not made in Canada.

"With regard to sensitive commodities which compete directly with Canadian-made products, I hope that Japanese businessmen will remember

that Canadian manufacturing industries are small compared with those of some other countries and can suffer severe damage or even be destroyed by a flood of very low-priced imported merchandise.

"Canada attaches major importance to Japan as a large and growing market for Canadian exports, particularly for exports of foodstuffs and industrial materials, as well as for a modest range of manufactured goods.

LIBERALIZATION OF IMPORTS INTO JAPAN

"Canadians have been following with approval Japan's plans for the progressive liberalization of imports. The implementation of these plans, coupled with the removal of restrictions which remain on certain Canadian exports to Japan, will be welcomed by the Government and by Canadian businessmen.

"When Prime Minister Ikeda visited Canada earlier this year, we agreed on the principle of orderly marketing, and we saw good prospects for the expansion of trade on an orderly basis.

"I am optimistic about the future development of mutual trade between Canada and Japan. Trade is essential to both Japan and Canada, and it is in the long-term interest of both nations that the

trade between us should develop on a basis of mutual agreement and understanding.

"Problems are bound to arise from time to time, but with goodwill on both sides, and a readiness to understand each other's difficulties, I feel sure that solutions will be found consistent with the expansion of two-way trade....

"As partners in the community of freedom and as neighbours across the Pacific, we cannot afford to allow commercial difficulties to obscure the paramount need for co-operation in free mankind's never-ending search for peace and world stability.

"Japan shares with free mankind the trouble and heartache of modern society as it grapples with a crisis of civilization. Men of faith believe that this crisis can be surmounted without bloodshed, catastrophe and ruin.

"Japan and Canada together, by the example of our co-operation, can point the way to new horizons of mutual respect and understanding.

"Let it be our common aim to conduct our relation in harmony and goodwill. Out of our joint endeavours will come not only lasting benefits for ourselves but the shining prospect of a world where the rising sun of international friendship will melt the icy grip which the cold war has clamped on our generation."

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