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## JAPAN-CANADA MINISTERIAL COMMITTEE MEETING

The Canadian delegation to the sixth meeting of the Japan-Canada Ministerial Committee in Toronto on September 13 and 14, was led by Mr. Mitchell Sharp, Secretary of State for External Affairs, and included Mr. Edgar J. Benson, Minister of Finance, Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce, Mr. J.J. Greene, Minister of Energy, Mines and Resources, Mr. H.A. Olson, Minister of Agriculture, Mr. R. Basford, Minister of Consumer and Corporate Affairs and Mr. Herbert O. Moran, Ambassador to Japan.

Japan was represented by Mr. Takeo Fukuda, Minister for Foreign Affairs, Mr. Mikio Mizuta, Minister of Finance, Mr. Munenori Akagi, Minister of Agriculture and Forestry, Mr. Kakuei Tanaka, Minister of International Trade and Industry, Mr. Toshio Kimura, Minister of State and Director-General for Economic Planning, and Mr. Shinichi Kondo, Ambassador to Canada.

The ministers reviewed the general international situation with emphasis on the situation in Asia and the Pacific area, discussed the respective policies

of both countries toward China, and agreed to continue their consultations.

Recognizing that the peace and prosperity of Asia had an important bearing on the peace and prosperity of the entire world, they agreed that the individual and co-operative efforts of developing Asian countries to improve their well-being needed to be complemented by those of the developed nations. In this connection, the ministers agreed that further close consultations between the two Governments should be maintained.

### ECONOMIC ISSUES

The ministers reviewed the economic situation in their respective countries.

Various aspects of the new economic policy recently announced by the United States were discussed extensively, with special emphasis on the impact on the world economy, as well as on the economies of the two nations, of the suspension of dollar convertibility and the imposition of the import surcharge by the United States. The Committee agreed that the stability and growth of the United States economy was vital to international stability and economic growth. They noted that the United States surcharge endangered the multilateral trading framework, and adversely affected the exports of both nations. The need was emphasized for the early removal of the United States surcharge. Serious concern was also expressed over the potential disruptive effects of the DISC proposal and over the proposed investment tax credit that would discriminate against foreign suppliers.

The Committee reviewed the international monetary situation. The Japanese ministers explained that their Government had recently adopted a flexible exchange-rate, while the Canadian ministers pointed out that Canada already had a flexible exchange-rate and that there had been a substantial appreciation in

### CONTENTS

Japan-Canada Ministerial Committee Meeting .....	1
Aid for Firms Hit by U.S. Surcharge .....	3
Special NATO Meeting .....	3
Soviet Construction Team Visit .....	3
Education of Health Workers .....	4
Sweeter Future for Honey .....	4
Mistletoe Mischief .....	4
Monthly Index .....	5

the value of the Canadian dollar. It was agreed that, in as much as a stable and viable monetary situation was a prerequisite for the continued expansion of world trade, both countries should continue to consult closely and, within a multilateral framework, co-operate fully in international efforts directed towards overcoming present difficulties.

#### TRADE

The Committee noted with satisfaction that Canada and Japan had implemented the Kennedy Round tariff reductions ahead of schedule. They emphasized the importance of strengthening the multilateral system of world trade. The objective should be to move to a new round of trade liberalization as soon as possible.

Both countries are making progress in their respective ways in improving both the quality and quantity of their aid programs and it was agreed that Canada and Japan should co-operate in their respective aid programs.

Japan-Canada trade has continued to expand, reaching a total, in 1970, of \$1.38 billion (Cdn). All indications point to a continuing growth of this trade.

The Canadian ministers stressed the need for opportunities to diversify further Canadian exports to Japan - in particular to increase exports of processed and manufactured goods - while continuing to develop Canada's traditional exports of foodstuffs and primary raw materials. The Japanese ministers pointed out that, as a result of progressive liberalization of imports, the number of tariff categories remaining under quotas, now numbering 60, would be reduced to 40 by the end of September and that further liberalization of a number of items in the first half of 1972 was actively under study. The Canadian ministers welcomed such developments, and encouraged Japan to continue the liberalization of the remaining import restrictions and other barriers to trade, particularly where they affect Canadian exports. The Committee expressed satisfaction that settlement had been reached recently in the annual bilateral discussions on the export restraints of some Japanese products to Canada. The Canadian ministers pointed to the importance of continued Japanese co-operation in the orderly marketing of Japanese exports to Canada and of avoiding trade diversion from other markets. The Japanese ministers, for their part, pointed out that export restraints, in any case, should be temporary measures and be dispensed with as soon as possible. They agreed that anti-dumping procedures should be carried out in accordance with the International Anti-Dumping Code.

#### ECONOMIC MISSIONS

A Japanese economic mission to Canada led by Mr. Chujiro Fujino visited Canada in June of this year. A high-level Canadian business mission will visit Japan early in the new year.

The ministers explored common interests in the agricultural field and, in particular, the possibilities for further expansion of trade in agricultural products, including rapeseed and other products of interest to Canada. The possibility of longer-term supply arrangements was also discussed. They welcomed the increasing technical co-operation in this area, and agreed that it was desirable that Canadian and Japanese officials responsible for insect, disease and health protection regulations affecting agricultural products should meet from time to time to discuss problems arising out of each other's regulations.

The Committee agreed on the value of exchanging information on foreign investment policy. It welcomed the increase of capital investment both ways across the Pacific, and the Canadian ministers noted recent Japanese progress in the liberalization of investment flows into Japan. The Canadian ministers indicated that a policy review was now being conducted with respect to foreign investment in Canada.

The Japanese ministers said they would welcome a Canadian mission to Japan in the autumn to discuss ways and means of enhancing scientific and technological co-operation between the two nations. The Committee exchanged information on environmental matters and agreed to maintain contact in preparation for the forthcoming conference in Stockholm.

#### RESOURCES AND ENERGY

The Committee agreed to establish a sub-committee on resources and energy matters, composed of senior government officials, with the objective of keeping under continuous review developments in these sectors. Ministers noted the increased importance of resources and energy matters in economic relations between the two countries as expressed by the mining mission to Japan, headed by Mr. J.J. Greene, the Minister of Energy, Mines and Resources, in December 1970, when matters relating to trade in copper, coal, iron, uranium and other mineral commodities and the possibilities of further processing in Canada for the international market were discussed.

The Committee welcomed increased contact between the people of Canada and Japan in various fields, which was given added impetus by the successes of Expo 67 and Expo 70. The visit to Japan by Prime Minister Trudeau, on the occasion of Expo 70 had symbolized the close relations between Canada and Japan in recent years.

The ministers agreed that the sixth meeting of the Committee had proved useful in providing for the exchange of views between the two sides in many matters of mutual concern and had thereby contributed to increased understanding and friendship between Japan and Canada.

The Committee accepted the invitation of the Japanese Government to hold its next meeting in Japan.

## AID FOR FIRMS HIT BY U.S. SURCHARGE

Grants to support Canadian plants affected by the United States import surcharge and similar trade-restricting measures are made possible through a bill introduced in the House of Commons recently by Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce. "In the context of U.S. measures, the level of grants will generally be up to two-thirds of the surtax applicable to the plant's U.S. exports, based on 1970 export levels," Mr. Pepin said. The grants will be calculated and paid on the basis of periods of three months, effective August 16. They will be related to the operations of individual plants rather than to the general activities of the firms or corporations who own them, "as the primary objective of the program is to mitigate labour dislocation in various parts of Canada", said Mr. Pepin.

### ELIGIBILITY

To qualify for assistance a company will have to meet the following three criteria, as envisaged in the context of the U.S. measures:

- (a) the surcharge has caused or is likely to cause significant layoffs at the plant;
- (b) at least 20 per cent of the plant's production during 1970 must have consisted of exports now subject to the surcharge;
- (c) the company undertakes to maintain employment and production at a satisfactory level.

### FINANCING AND ADMINISTRATION

Funds for the program will be made available from the Consolidated Revenue Fund. Up to \$80 million has been earmarked for grants for the remainder of

the current fiscal year, together with \$300,000 for administration. If the surcharge continues beyond this period, additional funding will be sought through the regular estimates of the Department of Industry, Trade and Commerce.

The program will be administered by a seven-member Employment Support Board, three members of which will be from industry. "This is consistent with the current government practice to involve well-known people from commerce and industry in the administration of our programs, particularly those involving a large degree of discretion and judgment," Mr. Pepin said.

He emphasized that, in the context of the U.S. measures, the enabling legislation was temporary, and would end when the U.S. surtax ended.

"The program requires the manufacturer to bear a part of the burden of the surtax. In our view, it would not be a responsible step for the Government to offset the full effect of the surtax at public expense," Mr. Pepin added. "There are risks in export trade and our producers are aware of such risks."

Each case will be judged on its own merits. The need and the level of assistance will be determined on the basis of actual circumstances, taking into account the type of restrictive measure and its potential impact on employment in Canada.

"This is a new program which has been developed quickly to deal with a special situation. The combination of statutory provisions with regulations makes it possible to adjust the various features of the program in the light of experience and circumstances. We stand ready to do so," Mr. Pepin stated.

## SPECIAL NATO MEETING

Mr. A.E. Ritchie, Under-Secretary of State for External Affairs, will be the Canadian representative at a special meeting of the North Atlantic Council in Brussels on October 5 and 6, to discuss mutual and balanced force reductions in Europe. The meeting, which will be attended by deputy foreign ministers or senior officials of member countries, will review the results of exploratory contacts with the Soviet Union and other interested governments, and consult on substantive and procedural approaches to force reductions. NATO foreign ministers, at their regular spring meeting in June, agreed to the holding of this special meeting, in the context of their expressed intention to move as soon as may be practical to negotiations.

Mr. Ritchie will be accompanied by advisers from the Department of External Affairs and the Department of National Defence.

## SOVIET CONSTRUCTION TEAM VISIT

Seven Soviet specialists in prefabricated construction, led by Vladimir Mitrofanovich Ventslavsky, Deputy Minister, Ministry of Timber and Woodworking, arrived in Montreal on September 16 for a 15-day tour of Canada. Under the sponsorship of the Department of Industry, Trade and Commerce, the group is visiting Montreal, Toronto, Woodstock, Niagara Falls, Calgary, Canal Flats (British Columbia), Vancouver and Ottawa.

The Soviet delegation includes specialists in the design of industrialized homes, commercial buildings and institutions, the technology of industrialized building production and the management of construction in rural and northern areas. During their Canadian tour they will visit plants producing sectional of modular housing, transportable and mobile buildings and components manufacturers, as well as building sites.

## EDUCATION OF HEALTH WORKERS

The need for flexibility, adaptability and co-ordination of educational programs designed for doctors, nurses and others concerned with health will be the subject of a national conference to be held in Ottawa from October 19 to 22. Participants in this National Conference on the Education of Health Manpower will be given an opportunity to reach a consensus on the co-ordination of educational programs, universities and community colleges. They will also examine the co-ordination of university programs with community college programs and those conducted by professional associations.

The conference is being planned jointly by the Department of National Health and Welfare, the Association of Universities and Colleges of Canada and the Association of Canadian Community Colleges. Representatives of universities, community colleges, professional associations and government are being invited to participate.

This will be a working conference, with small groups studying each of the problem areas. The program will include a limited number of presentations by guest speakers. Recommendations resulting from the conference will be made available to interested agencies.

## SWEETER FUTURE FOR HONEY

The outlook for the production of honey in Canada seems to be improving, according to J.R. Burns, an economist with the Economics Branch, Canada Department of Agriculture. Although the average price of honey dropped from nearly 18 cents to little more than 16 cents a pound in the past two years, there are signs that Canadian prices will rise. World prices have also been higher lately.

Large increases in the production of Canadian honey in the last few years have produced large surpluses. About 51 million pounds of honey were produced in 1970 and, since 1964, production has ranged from 33 million pounds to 53 million pounds in 1969.

At the same time, Canadians are eating less honey, the *per capita* consumption having decreased from 2.3 pounds in 1965 to 1.9 pounds in 1969.

Honey exports for the 1970-71 crop year could exceed 18 million pounds, a new record, three times the yearly average since 1964. This large increase in exports will reduce the surplus stock of honey to easily manageable levels.

However, owing to a switch from high-value packaged honey to bulk-honey exports, the average export price has declined for Canadian honey.

Fortunately, when Canadian production has been high, world production has been such that Canada has been able to store and then export the surpluses.

Canadian honey has some competitive advantages, Mr. Burns says, since Canada produces large quantities of high-grade white honey, which is in good demand, and most world production is of the darker variety.



Average yields in Canada are among the highest in the world. On the Prairies, where about two-thirds of Canada's honey is produced, the average yields for a single area have gone as high as 197 pounds. But, Mr. Burns warns, the Canadian honey industry must be prepared to cope with surpluses. "If Canada produces several large honey crops at the same time as other world producers, prices will fall and the net return to Canadian honey producers will be drastically reduced."

## MISTLETOE MISCHIEF

Dwarf mistletoe, a parasitic plant that lives on conifers, causes considerable damage to western hemlock trees in British Columbia. The parasite adversely affects the growth of the host, with the result that a burl is formed on the trunk (in lumber manufacturing, a burl represents a defect which lowers the volume of lumber produced per tree). Samples of burl wood were obtained from the Victoria Forest Research Laboratory and examined for pulp yield and quality by the Vancouver Forest Products Laboratory. The results of the pulping study indicated that the pulp yield was 6 percent lower from the infected wood than from sound wood, while strength properties were in the order of 10 percent to 20 percent lower. Pulp brightness appeared to be unaffected. Because of the twisted nature of grain of mistletoe-infected wood, mill chipping might result in higher rejects than for sound wood. The studies recommend that the volume of burl wood be kept in the range 5 per cent to 10 per cent of the total volume of wood furnished to any mill. At or below this level, the effect of the infected burls on pulp quality should not be noticeable.

MONTHLY INDEX  
(September 1971, Volume 26)

- Agriculture *see* Industry
- Arts  
Daudelin – monumental sculptor, No. 38, P. 3  
National Ballet's 20th season, No. 35, P. 3
- Aviation  
Canada-Lebanon air pact, No. 35, P. 4  
ICAO representative, No. 35, P. 6
- Communications (*see also* Post Office)  
INTELSAT agreements, No. 37, P. 4
- Construction (*see also* Visits)  
Gold Rush road extended, No. 37, P. 4
- Education  
Health workers, No. 39, P. 4
- External Affairs  
Japan-Canada ministerial meeting,  
No. 35, P. 2, No. 39, P. 1
- Forestry  
Tree infection from mistletoe, No. 39, P. 4
- Germany *see* Visits
- Grants and Awards  
Marine research, No. 36, P. 5  
Scouting award, No. 38, P. 5  
Sports agencies, No. 35, P. 6, No. 36, P. 4
- Health and Welfare (*see also* Education)  
Pension benefits, No. 35, P. 4
- History  
Newfoundland Constabulary, No. 36, P. 3  
Quebec historic sites, No. 37, P. 3
- Hungary *see* Trade
- Industry  
Aid for firms hit by U.S. surcharge, No. 39, P. 3  
Honey industry, No. 39, P. 4
- Italy *see* National Defence
- Japan *see* External Affairs
- Labour  
Federal employment figures, No. 37, P. 6
- Law  
Legal aid for the North, No. 38, P. 4
- Lebanon *see* Aviation
- Malaysia *see* Visits
- National Defence  
Defence in the 70s, No. 36, P. 1  
Drone surveillance system demonstrated to  
Italians, No. 35, P. 4
- National Research Council *see* Grants and Awards,  
Pollution *and* Science
- Northern Affairs *see* Construction *and* Law
- North Atlantic Treaty Organization  
Special meeting, No. 39, P. 3
- Nuclear Energy *see* Sharp, Mitchell
- Peacekeeping *see* Sharp, Mitchell
- Pollution  
Agriculture and environment, No. 37, P. 5  
Oil spills, No. 35, P. 5  
Phosphates and detergents, No. 37, P. 5
- Post Office  
Christmas stamps, No. 38, P. 4  
Maple leaf autumn stamp, No. 36, P. 4
- Religion  
Virgin of Fatima statue tours Canada,  
No. 35, P. 3
- Science (*see also* Grants and Awards *and* Visits)  
Cattle parasites study, No. 37, P. 4  
Laboratory work at NRC, No. 37, P. 1
- Sharp, Mitchell  
World peace and nuclear energy, No. 38, P. 1
- Sport (*see also* Grants and Awards)  
Sailing lessons, No. 36, P. 4
- Trade (*see also* Industry *and* United States)  
Canada-Hungary, No. 35, P. 2
- Transportation *see* Aviation *and* Construction
- Trudeau, Pierre Elliott *see* United States
- United States (*see also* Industry *and* Visits)  
Prime Minister's statement on surcharge,  
No. 35, P. 1
- U.S.S.R. *see* Visits
- Visits  
German scientists, No. 37, P. 4  
Malaysian Prime Minister, No. 38, P. 5  
President Nixon to visit, No. 36, P. 5  
Soviet construction team, No. 39, P. 3

EDUCATION HEALTH OF NATION

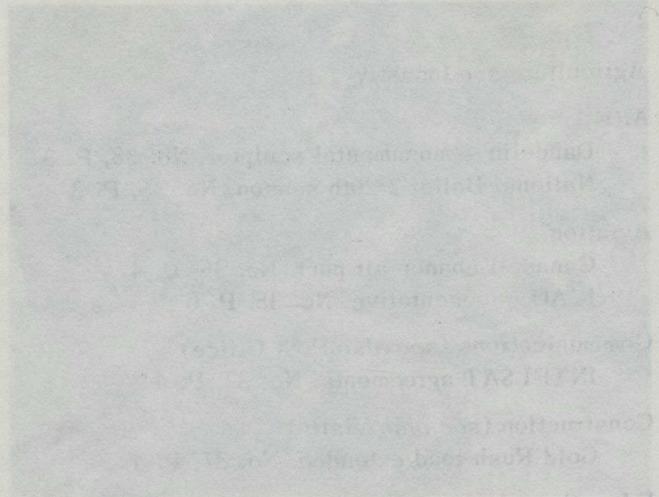
THE MONTHLY INDEX

The following is a list of articles and reports published in the journal, arranged alphabetically by title. The list includes titles, authors, and issue information where available.

Articles and Reports:

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