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Towards a new partnership between Canada and Japan

Following the seventh Canada/Japan Ministerial meetings in Tokyo, Secretary of State for External Affairs Allan J. MacEachen addressed members of the Japanese Press Club on June 25.

The discussions, said Mr. MacEachen, had been "most encouraging" and would lead to a series of exploratory talks between officials of the two countries on subjects including industrial co-operation, resource and energy development, agricultural co-operation and scientific and technological projects.

Part of Mr. MacEachen's speech dealt with Canada's diversification of its international economic relations. Some of his remarks follow:

* * * *

Some of you may be aware that, in some quarters, Canada's new foreign policies have been interpreted as being directed "against" the United States. In fact, the reverse is true: it is because our Government wishes to preserve in the future a sound political basis for our close and friendly relations with the United States that we are seeking diversification: for we are convinced that continued economic co-operation with our great neighbour will

only be acceptable to the Canadian public in the long run if it is balanced by closer links with other regions of the world. Indeed, our new policies have generally been received with understanding and sympathy by the Government of the United States. Thus, our new foreign policies are quite similar to your *Takaku Gaiko* — that is, your own "diplomacy for diversification". I stress that it is a new departure: the over-all policy has been worked out, but the manner of execu-



The Japanese Foreign Minister and Mrs. Kiichi Miyazawa welcome Canada's Secretary of State for External Affairs, Allan J. MacEachen, accompanied by the Japanese Ambassador

to Canada, Yasuhiko Nara, to a reception on June 23 on the occasion of the seventh meeting of the Japan/Canada Ministerial Committee in Tokyo, June 23 to 24.

tion has not been formulated in all details. Furthermore, we are only beginning to implement these policies and, evidently, the extent to which we will be successful depends crucially upon our principal economic partners after the United States: Japan and Europe.

In this respect, I must say that our initial approaches to Europe have been quite encouraging....

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I can assure you, on behalf of the Canadian Government, that our new foreign policy outlook places equal emphasis on the intensification of our relations with Japan....

* * * *

"But why do you suddenly wish to have closer relations with us?" some of our Japanese friends ask sometimes. Quite aside from the fundamental political motivation...the reasons why Canada should strive to broaden and deepen her relations with Japan are so numerous that I can only recount a few of them today. Your country has become, in the last ten years, the third largest industrialized economy in the world, ranking immediately behind the United States and the Soviet Union. Your annual GNP is now very close to \$400 billion and I am fully confident that as we reach the point of recovery in the present economic cycle, growth will resume in Japan at a high rate, even if the fantastic performance of the Sixties does not repeat itself. Japan is also the second largest trading entity in the world; her shipping interests are considerable; her major industries have reached very high levels of efficiency and technical development. In short, your country has all the characteristics which make it a most attractive economic partner for Canada.

Interest not that new

I wish to remind you also that Canada's interest in the development of her "Japanese connection" has not been all that sudden. Bilateral trade relations between our two countries have been expanding rapidly and regularly in the past 20 years. In 1954, Canadian exports to Japan were valued at less than \$100 million; last year they totalled over \$2.2 billion – a more than twentyfold increase. The growth of Canadian imports from Japan has

been even more remarkable: from less than \$20 million in 1954, the value of Japanese products shipped to Canada reached last year more than \$1.4 billion – 75 times more than two decades ago. The same trends can be found in the fields of investment, tourism and other exchanges. It is not surprising, therefore, that Japan has become in recent years Canada's second largest trading partner.

* * * *

Space the mutual link

But it may be more relevant to ask why the Japanese people should develop with Canadians this peaceful partnership in the Pacific.... The first word which comes to your mind is probably "resources". But at the risk of shocking you, I maintain that natural resources are not the most valuable thing which Japan can import from Canada, nor what your country needs the most in the long run. What Canada has in greatest abundance is not energy, not minerals, not even agricultural products, but space. And Japan's most vital need, as its economy continues to expand, is not going to be resources, but space.

The Japanese people could gradually reclaim the scarce territory in their islands which has been absorbed by the rapid industrialization of recent decades by arranging for the gradual transfer to Canada of those industries which are the most space-extensive. How can Japan import space from Canada? In my view, long-term arrangements between our two countries to that effect could be the foundation of the partnership which we Canadians wish to develop with your country.

I am referring, of course, to those heavy industries which process raw materials, especially the refining and primary transformation of metals, such as iron, copper, zinc and aluminum, the processing of agricultural products and the manufacture of pulp and paper. These industries need space because they tend to be polluting and must therefore be widely dispersed if the most advanced techniques of pollution-control are to be used.

Canada has all the space necessary for the efficient deployment of these advanced anti-pollution techniques. These industries also require large tracts of land to site bulky plants, to

stockpile raw materials and finished products. For these reasons, most are better located far from large metropolitan centres. In short, these industries are ideally suited to the large expanses which we have in Canada where, in addition, water and energy are abundant.

Benefits of migration

I might add that bilateral arrangements for the gradual migration of these industrial activities to Canada would bring about substantial savings in energy and shipping costs for Japanese industry. Furthermore, it would be easier, within this framework, to ensure secure supplies of industrial materials for Japanese industry and, reciprocally, assured access to markets for Canadian producers of the same. We have accumulated considerable experience and expertise in most primary processing activities and we would be prepared to welcome additional enterprises of this sort in Canada as joint ventures between Japanese and Canadian interests, which would point out that the political stability and steady economic growth of Canada would guarantee the long-term profitability of these investments.

* * * *

Industrial co-operation

By exploiting so successfully your own large domestic market and the opportunities of international trade, your businessmen have developed a wide range of efficient and sophisticated industries, whose marketing ability and competitiveness have become world-famous. Similarly, although on a smaller scale and with a much greater concentration on one foreign market – namely that of the United States – Canada has broadened and consolidated her industrial structure. It is unquestionable that the international economic environment of the Fifties and Sixties has been favourable to both our countries and that the commercial and industrial strategies pursued by our respective business and government leaders have met with a large degree of success.

Why not stick with these strategies, then? Why search for new forms of international economic relations? Why should Japan and Canada actively consider a program of industrial co-operation?

Iran and Canada agree in principle on record trade pact

The signing of memoranda of agreements between Canadian and Iranian enterprises for \$1.3-billion worth of business was announced July 9 by Industry, Trade and Commerce Minister Alastair Gillespie after the two-day first meeting of the Canada/Iran Joint Economic Commission.

Mr. Gillespie said later that he believed this was a record amount for trade with a country at one time and the figure could reach \$2 billion or more.

The agreements, which cover supply of Canadian goods and services for metal production and fabrication, marine services, forest-resource development and social infrastructure, are expected to be completed in the next five years. Several will involve joint ventures.

Negotiations were also under way with Iranian interests, said Mr. Gillespie, which could add another \$650-million worth of business in agriculture, educational infrastructure and urban

development.

The list of specific projects was established during discussions between the Trade Minister and Iranian Minister of Industry and Mines Farrokh Najmabadi, who stated after the signing ceremony: "This is only the beginning." About a dozen companies, ranging from Alcan to a small Montreal firm making a farsi-language teleprinter, are involved as prime contractors, with hundreds, perhaps thousands, of others acting as suppliers.

Mr. Gillespie said that this first meeting of the Joint Economic Commission, which was set up following his visit to Iran in April last year, had resulted in economic relations between Canada and Iran gaining substantial momentum.

More than 100 Canadian businessmen had met with the two delegations.

The Joint Commission will meet again next year in Tehran.

World whaling reduction

The International Whaling Commission has made significant progress in bringing world whale stocks under sound resource management, Canada's Whaling Commissioner Dr. W.R. Martin said in London on July 2.

Whale catches in 1976 will be reduced by about 9,000 whales, a 25 percent decrease from this year's, as a result of quotas and stock moratoria adopted at the annual meeting of the 15-member Commission. Quotas covering all stocks next year will total about 28,000 whales, compared to 37,300 this year.

"Canada is maintaining its 1972 ban on all commercial whaling and will not take advantage of a new quota allowing a catch of 90 fin whales off Newfoundland in 1976," said Dr. Martin.

This decision means no country will take fin whales off Canada's Atlantic Coast next year. Whaling in the North Atlantic is only permitted by land-based whalers. Another fin whale stock off Nova Scotia was classed by the Commission as protected by moratorium.

Quotas were established for the first time for all North Atlantic stocks.

Canada expressed reservation about a quota of 550 minke whales set for the Northwest Atlantic and will seek a review of scientific data on this stock next year.

Success was also attained in establishing a total moratorium on taking of fin and sea whales in the North Pacific Ocean. A reduced quota for sperm whales in the North Pacific was also set.

"During the Commission meetings Canada consistently supported proposals believed capable of achieving the objective of reducing whale catches in 1976 to the lowest level that could be put into effect," Dr. Martin said.

"The Commission has now established a solid basis for managing whale stocks in accordance with sound resource-conservation principles and competent scientific advice," he said.

"All those concerned with the preservation of whales must welcome this result," Dr. Martin concluded.

would honour its obligations under the Non-Proliferation Treaty not to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices.

NDP elects new leader

Edward Broadbent, a 39 year-old political scientist, was elected leader of the national New Democratic Party at a convention in Winnipeg, Manitoba, on July 7. He replaces David Lewis, who was defeated in last year's general election.

Three other candidates contested the leadership, which took four ballots to decide. The final count was 948 for Mr. Broadbent over 658 votes for Mrs. Rosemary Brown, a member of the British Columbia Legislative Assembly. The other two contestants were Lorne Nystrom, a federal Member of Parliament, and John Harney, a Toronto university professor who was formerly an MP defeated in the 1974 election.

Mr. Broadbent, of Oshawa, Ontario, has represented the Oshawa-Whitby constituency in the House of Commons since 1968 and has been the NDP parliamentary leader since Mr. Lewis was defeated.

At a press conference following the convention, Mr. Broadbent said that he wanted to create both the organization and the policy to lift the NDP from its traditional plateau support of about 15 per cent of the national electorate. He wanted the party to win 60 seats in

the 1978 general election.

Party standings at present in the House are 140 Liberal, 95 Progressive Conservative, 16 NDP, 11 Social Credit, 1 Independent, 1 vacancy.

Canada/Korea nuclear reactor

During the first official visit by a Canadian foreign affairs minister to the Republic of Korea, June 26 and 27, Secretary of State for External Affairs Allan MacEachen reviewed with Korea's Foreign Minister Kim Dong Jo, the current state of negotiations for the acquisition by the Republic of Korea of a Canadian nuclear power reactor.

Mr. MacEachen noted that Canada was committed to co-operate in the sharing of the benefits of nuclear energy under the most effective safeguards. The two ministers looked forward to the early conclusion of a bilateral safeguards agreement between Canada and Korea which would incorporate the safeguards required by Canadian policy to ensure that any assistance provided would be used solely for peaceful, non-explosive purposes.

Foreign Minister Kim assured Mr. MacEachen that the Republic of Korea

Ontario surplus energy to New York

The National Energy Board issued on June 27 two licences allowing Canadian Niagara Power Company Limited of Ontario to continue exporting surplus electric power and energy over the next five years to Niagara Mohawk Power Corporation in the State of New York.

One licence allows the export of firm power, up to a maximum of 260 gigawatt-hours annually from July 1, 1975 to September 30, 1976; and of 175 gigawatt-hours annually from October 1, 1976 to September 30, 1979.

The quantity allowed for export in any month must be surplus to the requirements of the company's customers in Canada. A condition of the licence calls for periodic reoffering of the firm power to Ontario Hydro, on or before December 1 of each year.

The other licence allows the export of interruptible energy, up to a maximum of 200 gigawatt-hours annually from July 1, 1975 to September 30, 1979; and of 250 gigawatt-hours from October 1, 1979 to June 30, 1980. All energy to be exported must be surplus to Canadian requirements at the time of its export.

The new licences reduce the amount of firm power and increase the quantity of interruptible energy allowed for export.

The initial export price for the firm power has been set at \$3.18 per kilowatt of monthly demand plus 6.2 mills U.S. per kilowatt-hour, and that for the interruptible energy at 10.0 mills U.S. The prices will be reviewed annually.

International Women's Year stamp

An eight-cent stamp, issued on July 14 to commemorate International Women's Year, was designed by Susan McPhee of Montreal, using a graphic variation of the female symbol.

The United Nations proclaimed that 1975 is to be devoted to intensified action in promoting equality between men and women. The organization seeks to ensure the full integration of women in the total world development effort, especially by emphasizing women's responsibilities in economic, social and cultural progress at the regional, national and international levels.



It is hoped that there will be greater recognition of women's increasing contributions to world peace and to the creation of friendly relations among states. The world body has invited all its member states and all interested organizations to take steps to ensure the full realization of the rights of women. International Women's Year should also be a time to review and evaluate the progress that has been made.

Computer-aided mobile communication system for the RCMP

A mobile system of communication, aided by computer and designed by the Royal Canadian Mounted Police, is destined for British Columbia's Lower Fraser Valley. Canadian General Electric has been awarded a \$3-million contract to supply and install the facility with completion scheduled for early in 1976.

This is Canada's first completely computer-aided dispatch facility and is said to be the world's first to integrate such technology with federal, provincial, municipal and highway patrol police functions. In addition to the day-to-day operational requirements this system will also provide a centralized command and control in case of emergencies.

Post Office tests electric van

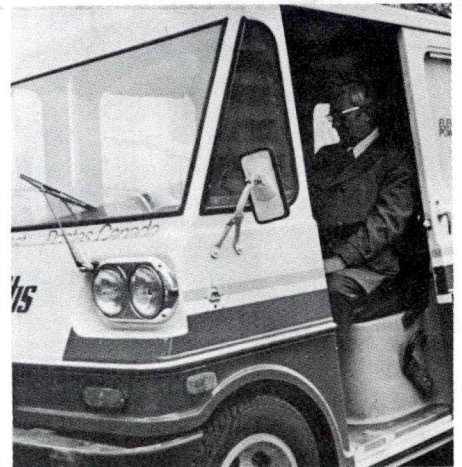
Electric vehicles — EVs — are not exactly something new; they've been in use in Europe for more than 75 years. But they're new as far as the Post Office is concerned. Canada Post is now testing an Otis 114-ton EV on a letter-carrier route in Toronto.

With a top speed of 43 mph and a range of 40 miles, it will never make the Grand Prix circuit. However, this energy-saving, non-polluting vehicle blends with regular traffic as it goes through its trial paces.

The main advantage of an EV is that in this energy-conscious time, it consumes fuels which Canada has in abundance — hydro, coal and uranium. Gasoline supplies are limited and growing increasingly more expensive. In fact, large electric companies predict that by 1983, internal combustion vehicles (ICV's) will have an operating cost double that of EVs.

At present, EVs cannot replace internal combustion vehicles for all tasks. The range between rechargings is short, the hill-climbing ability is limited, and the lead-acid batteries are heavy. Nevertheless, for normal stop-start delivery work on level terrain, the EV seems ideal.

Canada Post's electric delivery van is the only one in the service of the Canadian Government. Keith Fallis, Manager of Canada Post's National Fleet Programs Division, says that the acquisition of this EV is in keeping with the Post Office's aims of selecting vehicles that "embody the best combination of characteristics relating to economy, productivity, safety, air and noise pollution and conservation on non-renewable resources." At the moment, Canada Post is negotiating with American Motors for the possible procurement of as many as five more electrically-powered vehicles.



Jack Belcher, Post Office Fleet Management, looks over the controls of new electric truck. Trials are being conducted to test the feasibility of using such a vehicle on letter-carrier routes.

Peace and brotherhood theme at Montreal's Man and His World Exhibition, June to September

Fifteen countries are displaying their historical and cultural heritage this summer at Man and His World, Montreal's annual exhibition on the site of Expo 67. The theme is peace and brotherhood. Two new national participants are Colombia and Greece, making a total of 28 pavilions. New thematic pavilions are Telecommunications and Vanishing Wildlife.

The Biosphere, which was the 20-storey Expo 67 pavilion of the United States, now houses a *joie de vivre* presentation by Montreal's parks and recreation departments.

Countries taking part are: Bulgaria, China, Colombia, Czechoslovakia, France, Greece, Haiti, India, Iran, Mexico, Morocco, Pakistan, Switzerland, the U.S.S.R., Yugoslavia. Theme

pavilions are: Arms, Biosphere, Canada Post, Christian Direction, Cinema 360°, Exploration, Humour, Olympic Scale Models, Strange, Strange World, Telecommunications, Vanishing Wildlife, Village of Yesteryear. The Province of Quebec's pavilion houses a display of theatrical sets and costumes. More than 50 mannequins show the evolution of theatre in Quebec.



Federal program for reduction of flood damage

Environment Canada Minister Jeanne Sauvé recently invited a new federal approach to reducing the mounting toll of damages caused by floods. The long-range approach is based on the development of a series of federal-provincial accords to reduce potential flood damages and a national flood-hazard mapping program.

"Canada has to reduce the toll of personal suffering and financial loss due to floods," said Madame Sauvé. "We have developed a co-ordinated federal-provincial approach to water-resource management through the Canada Water Act. Accords on floods will focus that co-operation on a concerted effort to reduce the averages of floods in Canada."

The proposed accords would be based on the principles that:

(a) Flood-risk areas must be clearly defined and mapped.

(b) Information on flood hazards must be communicated to the public, industry, municipalities and the provinces.

(c) Construction of federal facilities, federal housing loans and other grants and loans should not be made in flood-risk areas or be made conditional upon adequate flood-proofing or other damage-reduction measures.

(d) Disaster assistance should be refused for further development in identified high flood-risk areas where the public has been made fully aware of the hazard.

(e) Provinces and municipalities should be encouraged to consider appropriate restrictions on land use in high flood-risk areas.

Federal-provincial co-operation in keeping with these principles is evident in five pilot flood-hazard mapping projects now under way. A flood-risk map

for Fredericton (New Brunswick) is almost complete and maps for Carman (Manitoba), Moose Jaw (Saskatchewan) and Oshawa and Sault Ste Marie (Ontario) are being drafted.

As a key part of this new approach to flood-damage reduction, a national flood-hazard mapping program has been approved. The mapping program may cost up to \$20 million, with costs shared equally by the Federal Government and the provinces. Priorities for mapping flood risks for more than 200 rural and urban communities affected by floods will be worked out jointly.

"When this flood-risk information is available, federal and provincial governments can undertake commitments to discourage further investment in flood-risk areas," Madame Sauvé explained. "However, if it is not possible to work out a mutually acceptable accord with any province, the Federal Government will not be deterred from doing what it can. We shall act decisively in our own areas of responsibility."

The Federal Government will continue to participate in traditional flood-control projects, such as dams, where these offer the best solution. However, a greater emphasis will be placed on a combination of structural and non-structural alternatives.

Canada and Japan

(Continued from P. 2)

The short answer is that the policies of the past, no matter how successful, are not likely to be the most appropriate for the future. The structure of the world economy is constantly changing. The changes have been particularly dramatic, in the last few years, in the field of energy and resources; but we expect the need for policy changes to be as great in other fields of industrial activity, even if it will be possible — I hope — to introduce them more gradually. The call of developing countries for a "new world economic order", for example, may not immediately threaten the competitiveness of our industries; but one way or another, it is bound to bring about eventually a greater penetration of our markets by Third World producers of consumer goods.

Accordingly, we believe that higher energy costs, scarcer resources and stronger competition from low-wage

developing economies will force countries like Japan and Canada to alter regularly their commercial and industrial strategies in the years to come.

* * * *

More precisely, we hope to begin with the Japanese Government, in the next few months, a multi-phased exploration of potential areas of bilateral economic and industrial co-operation between our two countries. In the first phase, officials will identify the industries which should be given priority in a program of bilateral industrial co-operation, either because they correspond to the national priorities of one or the other country, or else because they are the areas where Canada/Japanese co-operation is likely to be the most promising. The second phase would consist of in-depth examination of those priority areas; after which specific plans and projects could be worked out, taking into account the capabilities and requirements of both countries, in close co-ordination with the Japanese and Canadian private sectors.

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...The success of the partnership we hope will develop between Canada and Japan depends ultimately upon greater understanding between our two peoples. This is why the Canadian Government attaches great importance to what could be called "people's diplomacy". We are pleased that the number of Japanese tourists coming to Canada is steadily increasing and could reach 100,000 this year. We are negotiating with your Government a new agreement to expand bilateral cultural exchanges, and our two Governments are already committed to allocate approximately 300 million yen each (\$1 million) to the promotion of Canadian studies in Japan and of Japanese studies in Canada. At this very moment, a Japanese parliamentary delegation is in Canada to lay the groundwork for regular parliamentary exchanges between our two countries. In the same vein, we cordially invite the Japanese media to establish permanent offices in Canada, to report more regularly on the kind of society we are and we hope to become, as well as to alert the Japanese public to the numerous opportunities for greater co-operation in all fields between Japan and Canada.

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