

Canada has recently improved its performance in these areas, in part because of special defence and aid programmes but also through a wider realization of the possibilities in rationalizing secondary industries in relation to the international market. This is particularly so with respect to automobiles and parts, the export sales of which contributed greatly to the high rates of increase in Canadian exports in 1966 and 1967.

The important factor here was the rationalization of the Canadian and United States automotive industries. This was effected by the Automotive Agreement ratified by the two countries in 1965, a move designed to create, over a period, a common market in automotive products in North America. For Canada, this produced exports of nearly \$1,000 million in 1966, a gain of 178 per cent on 1965 figures, and a further 50 percent increase in 1967 to \$1,500 million.

In all, the gains in 1967 reflected encouraging progress by Canada in exports of all manufactured goods. Sales of machinery and equipment and finished consumer goods (other than automotive products) rose by 25 per cent in 1967.

In resource-based industries, substantial gains were realized in oil and gas, base metals, potash and sulphur. The uranium industry, which had been lagging through the mid-sixties, also showed renewed confidence with large forward sales to Britain and Japan.

Canadians are counting on improved demand in world markets for the years ahead. They feel that faster growth in the industrial nations should, in turn, strengthen world commodity markets, with consequent benefit to the areas of the world producing food and basic material. Higher export returns in these areas, coupled with Canada's expanding aid programmes, will lead to new opportunities for trade with the developing countries.

Canada and the World Economy

Canadian industrialists, looking at the viability and fast-paced expansion of their nation as one of the most advanced countries in the world, realize that great challenges, as well as great opportunities, are ahead for Canada.

In recent growth, in both total production and exports, Canadian manufacturers have been spurred to new heights of achievement by the expansion policies of other industrial nations and have been greatly assisted by increasing international economic co-operation and general world trends toward the lowering of tariff barriers.

At the same time, it is fully realized in Canada that the future of its export trade, particularly in end-products, is closely related to its ability to greatly improve its industrial productivity. To this end, the Canadian Government provides assistance to Canadian industrial companies in the form of grants for capital and current operating expenditures devoted to clearly defined research and development programmes.

In this, the Government also underwrites specific projects that involve important advances in technology and generally encourages development