

Exports of automotive products have increased substantially under the program. In 1966, exports exceeded \$1 billion, an increase of 437%, compared with a 95% increase in imports. While there continues to be a trade deficit in respect to this sector, in the absence of the automotive program, Canada's adverse trade balance would certainly have been greater. At the same time, there has been a significant narrowing of the differential between the United States and Canadian prices for automobiles at the factory wholesale level.

Despite the progress which has been made so far, it cannot be expected that deeply-rooted customs and practices of doing business in this industry can be changed in a relatively short time. Purchasing agents in the United States have for many years been in the habit of obtaining practically all their needs from the large United States parts industry. Until the introduction of the Automotive Program they hardly ever considered parts producers in Canada as a source of supply. Consequently, during this period of transition, problems will inevitably emerge which will have to be dealt with to ensure that the purposes of the program are achieved and further progress is made in reducing institutional barriers which still exist.

Many companies will have to make substantial investments to re-equip and expand their facilities if they are to be fully competitive on a North American basis. In this regard, the Government has established an adjustment assistance fund which is